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# Latin America Report

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18 May 1982

## LATIN AMERICA REPORT

No. 2506

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## BRIEFS

OIL EXPLORATION TO BEGIN--Getty Oil Company of the United States will begin searching for oil in the Bahamas within the next few months. Prime Minister The Right Honorable Lynden O. Pindling and Minister of State The Honorable Alfred Maycock, this morning signed a contract with representatives of Getty Oil, clearing the way for explorations to begin. The exploratory licences, the first ever to be granted by the Bahamas Government under the new legislation, are only for 50 blocks in the Bahamas. Under the terms of the contract Getty Oil will conduct extensive geophysical surveys in the areas during the next 4 months. The areas of exploration are 40 miles south of Grand Bahama and about 60 miles southeast of Andros Island. [Text] [FL291810 Nassau Domestic Service in English 1700 GMT 29 Apr 82]

CSO: 3025/1092

## BARBADOS COULD BECOME SELF-SUFFICIENT IN OIL

FL261651 Bridgetown CANA in English 2125 GMT 25 Apr 82

[Text] Bridgetown, Barbados, 25 Apr (CANA)--Chairman of the newly established National Petroleum Corporation (NPC), Aaron Truss, has hailed the findings of a recent seismic survey here as an indication that Barbados could well become self-sufficient in oil, the SUNDAY ADVOCATE news reported today. In a page one article, the paper said the survey had shown there could be between 30 to 72 million barrels of crude oil in reserves here. No indication was given of whether the deposits were on land or at sea.

"The aim of the National Petroleum Corporation is to reach that target (self-sufficiency) sooner rather than later," Mr Truss, a government parliamentarian, said.

Barbados at one stage produced one third of its total oil requirements of about one million barrels a year but, according to Prime Minister Tom Adams, production fell in 1981 by 30.7 percent to 211,375 barrels from 305,454 barrels the previous year.

At the same time, oil imports recorded a 14.7 percent increase over the 1980 figure with 1,007.4 thousand barrels being brought into the country, costing 68.9 million dollars (1 bds dollar; 50 cents U.S.).

But the prime minister was optimistic that domestic oil production would be up again this year as a result of the decision to revert to shallow drilling instead of deep drilling which was blamed for the drop.

The National Petroleum Corporation chairman also said that Barbados was seeking to establish a contact with oil-rich Caricom partner Trinidad and Tobago to purchase reformat--a key ingredient in the manufacture of gasoline.

He said a guarantee was also being sought from Port-of-Spain for the supply of crude oil to Barbados if the organisation of petroleum exporting countries (OPEC) decides to further slash production.

Barbados buys the bulk of its petroleum imports from Venezuela--an OPEC member--under an agreement between the two countries. The accord provides, among other things, a 30 percent credit facility to Barbados which can be

drawn down at 4 percent over 5 years if the country needs balance of payments support.

But if the money is going towards energy development projects it would be made available as a soft loan over a 20 year period. Mr Truss said this meant Barbados would have money at its disposal for both crude oil and natural gas exploration.

The NPC, which was merged with the former state-owned Natural Gas Corporation, came into being on 1 April this year.

In announcing the body's establishment in his 1982 budget, Prime Minister Tom Adams said its main function, besides the distribution of natural gas, was to spearhead the search for oil either on its own or through joint ventures.

Mr Truss announced that the NPC was trying to get Venezuela to offer training to its staff and young Barbadians in some aspects of the oil industry, particularly the technical operations under the agreement in force between the two countries.

Regarding the expansion of natural gas facilities on the island, the NPC head said the agency would proceed with extension work but pointed out that the laying of pipes was an expensive exercise and the possibility of entering joint ventures in this area was being considered.

He mentioned Mobil, the sole company carrying out oil exploration work here, or other oil companies based as possible partners in the effort.

CSO: 3025/1093

## BRIEFS

ENERGY BODY ASKED FOR ASSISTANCE--Georgetown, Guyana 26 Apr (CANA)--The Guyana Ministry of Energy and Mines has put forward proposals to secretary general of the Latin American Energy Organisation, Senor Ulises Ramirez, on assistance in the development of hydrocarbons as an energy source in Guyana. "Hydro-electric power and the methodology of the development of small hydro stations was also discussed," a government statement said. Senor Ramirez was in Georgetown last week for talks with local energy officials. [Text] [FL271324 Bridgetown CANA in English 2300 GMT 26 Apr 82]

CSO: 3025/1095

## GUYANA CHARGES VENEZUELA WITH VIOLATING AIR SPACE

## Spy Flights Violate Air Space

FL301800 Bridgetown CANA in English 1739 GMT 30 Apr 82

[Text] Georgetown, Guyana, 30 Apr, (CANA)--Chief of staff of the Guyana Defence Force [GDF], Brigadier Norman McLean, and GDF commander, Colonel David Granger, have accused Venezuela of continuing to violate Guyana's air space with spy flights while their border dispute drags on.

The two were quoted by the government-owned chronicle newspaper as saying the Venezuelans had made 25 violations this year.

"The most recent overflight took place on Tuesday, the very day the GUARDIAN newspaper of London reported that a Venezuelan army invasion of Guyana might be imminent," the paper said.

It claimed that the same day a Venezuelan aircraft had flown over the villages of Kaikan and Interiubang on the Cuyuni and Wenamu Rivers bordering Guyana and Venezuela.

Venezuela, which is claiming five-eighths of Guyanese territory--the Essequibo region--is being pressured by nationalists to invade Guyana.

The paper, saying the aircrafts course was significant, went on: "Of the 25 violations this year many were concentrated in the area of oil-drilling operations.

"During this year, the overflights were made as far east as Bartica (south of the capital), the last overflight of Timehri (Guyana's national airport) having taken place in October."

According to the newspaper, Brigadier McLean said an air force jet bomber flew over Timehri as well as Baramita and Mathew's Ridge in the north west on 15 September, last year and an air corps twin-otter was (?seen over) Lethem in the south on 12 December.

He was quoted as saying the other overflow over Issano and Bartica close to the east coast, the same day.

The officers said the Venezuelans had themselves confirmed the violations by publishing photographs in the Venezuelan media taken by spy planes flying at high altitudes.

The chronicle said on one occasion they had published photographs of a rig drilling for oil in the Karanambo area with a caption claiming that a Canadian business firm was pumping Venezuelan oil with Guyanese President Forbes Burnham's blessing.

#### Moves to Prepare for Attack

FL301810 Bridgetown CANA in English 1744 GMT 30 Apr 82

[Text] Georgetown, Guyana, 30 Apr, (CANA)--Guyana's civil, military and diplomatic forces are making separate but well coordinated moves to prepare against the possibility of an armed attack from neighbouring Venezuela, press reports said.

The government-owned CHRONICLE newspaper in a front page story today said Guyana's permanent representative at the United Nations, Noel Sinclair, held discussions during the past 2 days with Secretary General Perez de Cuellar on the Venezuela-Guyana border dispute.

Venezuela is claiming five-eighths of Guyana, and there have been increasing demands within the country for a Guyanese handover of the disputed mineral-rich Essequibo region, in the wake of the 2 April military take-over by Argentina of the Falkland (Malvinas) Islands.

The CHRONICLE said Ambassador Sinclair brought the UN officials up-to-date on what it terms the threat to Guyana's territorial integrity and sovereignty and possible invasion of the country by the oil-rich republic.

The paper said the talks were part of a series of diplomatic moves being made by Guyana about the issue.

It said steps were being taken by the government to establish a civil defence committee and resuscitate a national emergency committee.

The emergency committees function, among other things, will be to identify and list the location of certain strategic resources, including food, fuel, equipment and vehicles.

The civil defence committee is to train people in fire-fighting, first aid, and dealing with floods and evacuation as well as other tasks, the paper said.

Guyana's Foreign Ministry has meanwhile charged Venezuela with attempting to hide from its population a report carried this week in the London newspaper, the GUARDIAN, about a possible attack on Guyana by Caracas.

"It is interesting to speculate on the reasons why the Venezuelan authorities are seeking to hide the truth of this matter from their people," the paper quoted a Foreign Ministry official as saying.

## Falkland Compared to Essequibo

FL261707 Bridgetown CANA in English 1524 GMT 26 Apr 82

[By Edwin Ali]

[Text] Georgetown, Guyana, 26 Apr (CANA)--President Forbes Burnham says Guyanese must fully understand the serious implications of the Falkland Islands crisis for the Venezuelan threat to 70 percent of Guyana.

"We have now definitely ascertained that there is oil in the Takatu Basin and, as you know, Takatu is part of the area (of Guyana) claimed by neighbouring Venezuela and therefore they (Venezuela) have become even more restive," he said.

The president was at the time trying to encourage people in Berbice County to buy Guyana defence premium bonds, an initiative undertaken by the government to raise capital for defence purchases.

Spanish speaking Venezuela is claiming five-eighths of Guyana's oil-rich Essequibo region close to their common border, which this country says she will not give up without a fight, following the refusal of Caracas to renew a 12-year bilateral pact shelving the issue.

Guyana, its economy in a state of bankruptcy, announced its first oil find last week, in the area located about 200 miles south of the capital.

Mr Burnham, referring to recent calls by influential Venezuelans for Caracas to launch a military take-over of the mineral rich disputed region of Guyana, said: "If this happens, what do we do? Do we wait like the British until it happens?

"All are involved, be it the wealthy rice farmers, saw-millers, businessmen or humble Guyanese," he added.

The appeals for a Venezuelan invasion of the Essequibo were made in the wake of Argentina's take-over of the British-ruled Falkland Islands in the South Atlantic, just over three weeks ago.

Mr Burnham warned Berbice residents, who bought half a million dollars in bonds (one Guy dollar; 31 cents U.S.) not to believe that their relatively stable region could prosper without the Essequibo.

In the final analysis, he said, the survival of the ancient Essequibo County itself, depended on the size of Guyana, its gold and defence resources.

Burnham said: "Everyone is involved, unless we want to speak Spanish or be second class citizens in our own country.

"I am no longer this moment calling on the businessmen. I would leave it to their consciences. If conscience does not appeal to them to give, we will all find out what will happen if we cannot defend our country," he added.

### Venezuelan Envoy Denies Invasion

FL271620 Bridgetown CANA in English 1600 GMT 27 Apr 82

[Text] Georgetown, Guyana, 27 Apr (CANA)--Venequela has denied that its troops have crossed into Guyana's Essequibo territory, and it emphasised that the situation between these two South American states is different from that between Argentina and Britain over the Falkland Islands.

Venezuela's response to rumours that it had invaded Guyana came from Ambassadors Sadio Garavini in Georgetown and Ivan Gabaldon Marquez in Bridgetown, Barbados.

Guyana's Government radio has been carrying a report from today's GUARDIAN newspaper in Britain about a likely invasion. Foreign Minister Rashleigh Jackson said his government was studying the report.

The Guyana cabinet is having its usual weekly meeting and a further reaction is expected later in the day.

### Guyana Studies Invasion Report

FL272233 Bridgetown CANA in English 2213 GMT 27 Apr 82

[Text] Georgetown, Guyana, 27 April, (CANA)--Guyana, feeling threatened by reported Venezuelan troop movements on their disputed border, tonight called again on the world community to oppose the use of force for settling problems between states.

The government made its formal statement following a cabinet meeting amid press reports from Britain that Venezuela may be poised for an invasion.

Venezuelan diplomats here and in Barbados denied any invasion plans, saying that the Caracas Government was committed to the search for a peaceful settlement, for which there was an agreed diplomatic procedure.

Venezuela is claiming five-eighths of Guyana's 215,000 square kilometres, but the diplomats insisted that this dispute was not to be compared with the Falkland Islands situation that has brought Britain and Argentina to the brink of war.

The Guyana Government statement tonight said (full text):

A spokesman for the Ministry of Foreign Affairs said today that the Government of Guyana was aware of the flash report carried in a leading British newspaper that Venezuelan troops were moving to the border.

"The spokesman indicated that the Government of Guyana was seriously concerned about such a possibility and further information and clarification were being sought through diplomatic and other channels.

"The spokesman emphasised that the current international and hemispheric situation, especially following the invasion (?of the Falkland Islands by the) armed forces of Argentina carried grave implications for Guyana and highlighted the need for the international community to oppose vigorously the use of force as a means of settling disputes and controversies between states of the hemisphere no less than between states in other parts of the world.

"The spokesman added that the situation was under constant and careful monitoring."

#### Rising Support for Invasion

FL281750 Bridgetown CANA in English 1720 GMT 28 Apr 82

[Text] Georgetown, Guyana, 28 Apr (CANA)--Support for an invasion of this South American Republic is rising in Venezuela, with a publishing magnate now siding with influential Venezuelans who want to see a take over [of] the disputed Essequibo region, the state-owned Guyana news agency has reported.

GNA quoted newspaper magnate Miguel Angel Capriles as saying that the use of force to take over the border territory to which Venezuela has a long-standing claim would make President Luis Herrera Campins more popular in Caracas.

The GNA report followed Argentina's invasion of the British-administered Falkland Islands to press a territorial claim. Nationalists in Venezuela, including a former defence minister, Gen Enrique Rangel Bourgoïn, and ex-Interior Minister Rafael Montes de Oca, have said that invasion of Guyana might be the only viable course of action for obtaining the Essequibo--five-eighths of Guyana.

The news agency said that the magnates view "is shared by a number of influential Venezuelans," and that it was apparently based on his experiences in Argentina when the armed forces invaded the Falklands.

The agency said the view "has some very grave implications, especially since he is advocating the armed invasion of Guyana as a solution to Venezuela's internal problems."

The GNA report said: "To support his suggestion, the publishers noted that the same cheering crowds which praised the Argentine president after the invasion of the Falklands were the very ones which had demonstrated against him only days before the invasion."

It quoted Mr Capriles as saying there is nothing which "galvanises a people more than a territorial claim," and that it was near the "opportune moment for Venezuela to invade Guyana."

"We must have a sense of opportunity...this is the opportune moment for Venezuela to present to the United States and to the entire world two faits accomplis...the Malvinas (the Falkland Islands) in the south and the Essequibo in the Caribbean," he said.

He added: "What would the U.S. and Europe do if faced simultaneously with two problems?...we'll see if England could ignore the 500 million bottles of whiskey which she sells us every year."

During a television programme in Venezuela, shots of oil rigs in the Essequibo were shown, the GNA report said.

CSO: 3025/1096

## LESTER BIRD BACK FROM ROK; TELLS OF LOANS

FL241907 Bridgetown CANA in English 1718 GMT 24 Apr 82

[Text] St Johns, Antigua, 24 Apr (CANA)--The government of Antigua and Barbuea has secured two loans from the Republic of South Korea totalling 62 million dollars (U.S.) to build a beach front hotel and to expand the islands' port facilities, according to deputy prime minister and minister of foreign affairs, Lester Bird, who has just returned from an official visit to the republic.

A group of South Korean investors raised 38 million dollars and the South Korean Government guaranteed the loan to be used to construct a hotel with 420 rooms.

The other loan, which totals 24 million dollars (U.S.) is to expand berting facilities at the deep water harbour, construct a shopping plaza for travelers, to deepen and widen the harbour.

The deputy prime minister said the port project, which is to last 4 years, should create both short and long-term employment and provide the twin-island state with facilities to handle cargo and cruise ships more efficiently.

In addition to the loan agreements, the South Korean Government is also giving Antigua and Barbuda 15 trucks and five hand tillers which Mr Bird said could revolutionise soil separation in the country by assisting the government in reducing dependency on high cost tractors.

Mr Bird headed the island's delegation which had talks in Seoul with top government officials. Those accompanying him included Agriculture Minister Robin Yearwood.

Commenting on trade matters, Mr Bird said South Korea had indicated a willingness to purchase all the cotton the island could produce.

He said the islands' Agriculture Ministry would pursue means of taking advantage of the potential for the new market by stimulating increased cotton production.

He added that the greatest beneficiary would be farmers who seized the opportunity to produce more cotton.

Issues discussed included the re-unification of North and South Korea. Mr Bird said Antigua and Barbuda had expressed support for the principle of negotiations, making it clear that it was against military options.

"Both the South Korean and Antigua and Barbuda Governments expressed the desire to deepen and strengthen the warm and friendly relations which we have established and to further explore areas of cooperation to our mutual interest," he said.

CSO: 3025/1091

## BRIEFS

JAMAICA'S NEW HIGH COMMISSIONER--St Johns Antigua, 26 Apr (CANA)--Jamaica's high commissioner to Antigua and Barbuda Mrs Ellen Bogle arrived here today at the start of an official 2 day visit. Mrs Bogle will present her credentials to Prime Minister Vere Bird tomorrow. She is also expected to have talks with officials of the Antigua Government and visit historical sites around the island. Mrs Bogle has replaced Mr Gordon Wells who has been re-posted. [Text] [FL271317 Bridgetown CANA in English 2110 GMT 26 Apr 82]

RELATIONS ESTABLISHED--St Johns, Antigua, 5 May (CANA)--Antigua and Barbuda and West Germany today established diplomatic relations, the government said. A Ministry of Foreign Affairs communique said both governments wanted to intensify their friendly relations and had agreed to have diplomatic relations at ambassadorial level. [Text] [FL051830 Bridgetown CANA in English 1806 GMT 5 May 82]

CSO: 3025/1091

## ARGENTINE TV PANEL ON FALKLANDS CRISIS

PY070948 Buenos Aires Argentina Televisora Color Network in Spanish 0100 GMT  
7 May 82

[From the "Tiempo Nuevo" program: Panel discussion by journalists Bernardo Neustadt and Mariano Grondona with guests Gen Alcides Lopez Aufranc and former Foreign Minister Carlos Muniz--live and recorded]

[Excerpts] [Neustadt] I have a few ideas that I want to convey to you: First, I am very interested in the people who are between 18 and 30 years old who are participating in this historic adventure because they have never known a republic, they have never voted, they have never elected anyone. And, after this war, they should also be motivated to live in peace. I do not want to hear later phrases like this: No, I was not prepared for democracy, for the republic or for politics. Well, we were not prepared for war either and look how well we are doing. Argentines have not only shocked the world but the Argentines themselves. This is important. I think it is important.

Second, I do not want to move out of the West. I did not make a mistake. Even if others did, I do not have to move out of the West. This is my point. Then I see that Argentina and the Argentines are madder at the United States than at Great Britain. My adversary is Great Britain. It is true that the United States misbehaved, but the adversary with which I have been contending over the Malvinas is Great Britain.

I believe this point is being overlooked because there is much phobia, much spiritual revolt against the United States. Thus I do not want to overlook the fact that my adversary is Great Britain, that my objective is to secure sovereignty over the Malvinas. Period. And I do not know whether I should say this here. Should I?

[Grondona] Yes.

[Neustadt] I do not want the Russians to help us. I want to come out clean by myself in this historic conflict.

[Grondona] You want everything.

[Neustadt] Why do I want everything, Mariano?

[Grondona] Well, you want to win without help, you want to stay in the West, you want everything. Will this be possible?

[Neustadt] Well, there are kisses of death that I would like to avoid. I am worried about the cost. We are talking all the time about what politicians and union leaders will demand later. I am not worried about what is on the mind of the Argentine politicians and union leaders. What I am afraid of is the international cost we will have to pay if someone helps us. Furthermore, could I say something?

[Grondona] Yes.

[Neustadt] Is there freedom or not?

[Grondona] Of course.

[Neustadt] It is your turn.

[Grondona] Well, I would like to comment on your question as to which is the enemy or the adversary, whether Great Britain or the United States.

A change of picture has obviously taken place in recent days. During the early days of the war, the enemy was undoubtedly Great Britain which had dispatched its powerful fleet--which is regraded as the third most powerful in the world. That picture depicted a furious Margaret Thatcher and the United States as a shaky friend. Haig, acting as a mediator, hesitating between the two parties, tried to prevent a fight between the two friends, although he seemed a little more inclined toward the British. Any way he made several trips to Buenos Aires, played tennis here and so forth. This was the first picture we had of the situation.

And the picture we have now is markedly different. The letter written by Ambassador Roca, the Argentine ambassador to the United Nations, is tremendous. Everyone has read it. It is one of the toughest letters ever written in diplomatic circles against the United States.

[Neustadt] The letter says Reagan is a liar.

[Grondona] This letter was obviously prompted by a decisive fact which we, Bernardo, should not overlook, that is, that the British are detecting our ships through U.S. satellites. That is, the Americans have not merely imposed economic sanctions on us--which are already quite irksome--they have not merely declared their support for the British, they have not merely put Cost Mendez in an awkward position by accusing him of disrupting the negotiations--when this was not true--and so forth, but they are giving military aid to Great Britain.

Thus besides the enemy, which continues to be Great Britain, there appears an adversary, the United States. We have an enemy and an adversary.

[Neustadt] Would you like to stay in the West after what the West has done to Argentina or would you like to pull out?

[Lopez Aufranc] Yes, yes. We have to stay in the West, and we have to give some guidance to those Western sectors which are acting wrongly so that they can act properly. We belong in the West and should continue in the West.

[Neustadt] Do you believe the United States acted properly toward Argentina, Dr Muniz?

[Muniz] Of course not.

[Neustadt] It seems like the request for a truce made by the UN Secretary General is viewed quite favorably by President Reagan and it is said--I believe Ambassador Roca himself said this--this is designed to gain time to allow for British reinforcements to get there. Could this be the case?

[Muniz] No. I don't think so. I frankly don't believe a speculation of that nature could exist. I feel that the request for a truce now made by the UN Secretary General is a step which we obviously should take immediately.

[Neustadt] Do you think we are coming close to peace?

[Muniz] I am convinced that peace will be achieved. As I said earlier, here we do not want to annihilate an enemy, we do not want to defeat anyone, but we do not want to be defeated.

[Grondona] The British are attacking us and killing our people and we are repelling them militarily. We are at war and they are our enemies. I don't know of any other word that we could use to describe them.

[Muniz] I want to raise a basic question, Grondona: Who are our real enemies, the real enemies of our entire way of life?

[Grondona] I can tell you. My real enemies are those who are shooting at me.

[Muniz] That is true from a simplistic standpoint, but at stake here are many important interests. Could we perhaps be happy if, for instance, the great powers of the West are defeated? Could this be beneficial for the future of mankind? Could it be beneficial for the peace we want to build?

[Neustadt] Why don't we leave it there, and I would ask this question. Have they thought about us?

[Muniz] A country like the United States, which has maintained and which continue to maintain--at least formally--respect for the law and which has been a defender of freedom, has openly violated a number of provisions it itself had proposed. For instance, the inter-American reciprocal assistance treaty [TIAR] has mandatory provisions with which the United States did not comply with at the meeting of the consultative organ, it did not comply with a treaty it itself had promoted.

[Grondona] Do you remember, Dr Muniz, when you were foreign minister how we acted toward the United States when it invoked the TIAR.

[Muniz] At that time, Neustadt, Argentina agreed to the convocation of the consultative organ in 20 minutes and soon dispatched forces to fight there and to defend both the interests of America and those of the United States at that time.

[Neustadt] Then, when should Latin American aid be given: When it serves the interests of the United States or our own interests?

[Lopez Aufranc] Unfortunately experience has shown us that the former is the case. International friendships are based on interests. Countries are friends when they share common interests.

I have the impression that this incident has left the OAS terribly weakened, the TIAR no longer exists. TIAR is an instrument which had been promoted by the United States and to which the United States itself has now issued a death certificate.

[Muniz] I would say it was an instrument placed at the service of the United States.

[Grondona] What we are doing now is leadership.

[Neustadt] As though the masters of the world had disappeared.

[Grondona] We have taken a chance. No one has ever done this in Latin America. We are participating and the rest of Latin America is watching us with growing sympathy. They are also aware that their interests are ultimately at stake.

[Neustadt] Be careful, Mariano, because someone might also think that Cuba also took a chance.

[Grondona] Cuba took a chance but switched to the other side. What I do not want is to change one master for another. We do not want masters. Latin America perhaps will find that our battle is a Latin American battle. I think it is beginning to discover that.

CSO: 3010/1469

## BRIEFS

GOVERNMENT CORRUPTION CHARGES UNTRUE--A house of assembly committee investigating the peddling of political influence reported that banker Abe J. Lieber "must have assumed or was led to believe" that Everette Bannister, 'a close friend and confidant of the prime minister' could or would assist in some way in obtaining necessary government approvals. But, the committee was unable to determine conclusively whether any influence peddling was involved in the relationship between Bannister and Lieber. Many of the matters discussed by Lieber and Bannister, the committee said, would have required the approval of the Bahamas Government. The committee, headed by Marsh Harbour MP Michael Lightbourn, concluded that the charge of cash pay-offs, provision of gifts or other benefits to ministers and civil servants "is totally and absolutely untrue. There is not the remotest bit of evidence which could possibly make this charge plausible." [By Gladstone Thurston] [Excerpts] [FL281446 Nassau the Tribune in English 24 Apr 82 p 1]

NEW INTERNATIONAL AIRPORT--Prime Minister Lynden O. Pindling will officially open the new international airport at Governor's Harbor in Eleuthera tomorrow. The Royal Bahamas police band will be on hand during the opening ceremony which begins at 1800. Besides the prime minister, deputy Prime Minister A.D. Hanna, Minister of Tourism The Honorable Livingston N. Coakley, Minister of Transport The Honorable Philip M. Bethel, and Minister of Work and Utilities The Honorable A. Loftus Roker will speak. The 5,300 foot airport runway has been re-surfaced and can accommodate Boeing 737 and 727 aircraft, as well as larger jets on short-haul flights. [FL291810 Nassau Domestic Service in English 1700 GMT 29 Apr 82]

CSO: 3025/1092

## CAIC ANNOUNCES NEW BOARD OF DIRECTORS

FL011912 Bridgetown CANA in English 1525 GMT 1 May 82

[Text] Bridgetown, Barbados, 1 May (CANA)--The Barbados-based Caribbean Association of Industry and Commerce (CAIC) has announced a new board of directors to oversee the regional business organisation's affairs during the ensuing year.

The CAIC held both its annual general meeting and board of directors meeting here last week.

The following persons comprise the new board:

Trinidad and Tobago--Sidney Know, Mervyn Assam, Ken Gordon, Tommy Gatcliffe, Len Hackshaw, Conrad Obrien.

Barbados--John Stanley Goddard, John Patterson, Al Knight, one vacancy was being kept open for a representative of the Barbados Manufacturers Association who had indicated their intention to rejoin CAIC but had not yet completed the relevant formalities, a statement said.

Guyana--Peter Daguiar, George Willems, George Jardim, Wainwright McKenzie.

Jamaica--Carlton Alexander, Aaron Matalon, George Phillip, Tony Williams, Roy Collister, John Fletcher.

Grenada--Geoffrey Thompson, David Minors.

St Vincent and the Grenadines--Hilary da Silva, Michael de Freitas.

St Lucia--Ornan Monplaisir, Peter Bergasse.

Dominica--Phillip Nassief, Earle Johnson.

St Kitts-Nevis--Will Kelsick, Michael King.

Antigua and Barbuda--Calvin Rodgers, Noel Walling.

Montserrat--Bertram Osbourne, there is a temporary vacancy for another Montserrat representative.

Bahamas--Judy Munroe, there is also a temporary vacancy here.

Martinique--R. Cottrell, Alex Despointes.

Guadeloupe--Yves Pravaz, Christian Hayot.

Belize--E. Jones, there is a temporary vacancy here also.

CSO: 3025/1093

## CENTRAL BANK ON CARICOM ECONOMY

FL-42000 Bridgetown CANA in English 1845 GMT 4 May 82

[Text] Bridgetown, Barbados, 4 May (CANA)--Output of Caribbean Community (CARICOM) economies in 1981 declined for the fourth consecutive year, according to the Barbados Central Bank which adds that real output of the export sectors fell sharply as a result of unusually high rainfall and sluggish international markets.

Earnings of foreign exchange fell below the 1980 level and substantial balance of payments support borrowing became necessary.

In the case of Trinidad and Tobago, which has experienced a rapid rise in foreign exchange reserves since 1974, non-oil imports absorbed almost all earnings from petroleum exports.

All the CARICOM experienced lower inflation rates but at the price of higher levels of unemployment, said the banks report which was laid in parliament here today. It carried a brief review of the CARICOM economic scene after reporting extensively on Barbados.

Heavy rains and industrial unrest reduced sugar output in the region to 720,000 tonnes, the lowest level in 30 years.

In Jamaica, where output has been declining since 1977, the crop was also affected by persistent smut and rust diseases. Production in 1981 fell by a further 10 per cent to 201,000 tonnes.

In Trinidad and Tobago the industry was plagued by cane fires and over one-third of the crop went unharvested.

The 91,110 tonnes of sugar produced, the lowest level since the war, could not supply domestic needs and still meet the country's commitment under the convention of Lome. The shortfall of 8,700 tonnes was shared between Barbados and two other American-Caribbean-Pacific (ACP) states.

St Kitts sugar output of 32,721 tonnes was just below the 1980 level. Guyana, despite serious mechanical failures, was the only country to record an increase in output, the 300,700 tonnes of sugar, produced was the largest crop in 3 years.

The decline in regional output coincided with a sharp fall in sugar prices and, as a result, foreign exchange earnings from sugar exports were far below the 1980 level. In most territories the industry reported heavy financial losses, the bank noted.

Output of other agricultural crops, except bananas in the Windward Islands, also declined.

With reduced yield, Guyana's rice production of 140,000 tonnes in 1981 fell just below the level for 1980.

In the Windward Islands, where weather conditions were more favorable, banana exports for the first 6 months of 1981 rose by 6 percent to 50,382 tonnes, but the fruit has been of such low quality that its share of the U.K. market fell to 25 per cent from an average of nearly 50 percent in the early 1970s.

The banana industry in Jamaica virtually collapsed in 1981, exports fell to 14,300 tonnes, less than half that for 1980 and only one-sixth of the average over the preceding decade.

To make matters worse prices on the U.K. market fell from 318 sterling per tonne to 308 sterling per tonne.

In the mining sector the gains of 1980 were sharply reversed as aluminum on the London metal exchange fell by almost 10 per cent of 574.5 sterling per tonne, the lowest price since 1977.

Jamaica, the world's third largest bauxite producer, accounting for some 13 per cent of supply, was seriously affected by the soft international market, output fell by 4.2 per cent to 11.5 million tonnes in 1981.

Alumina exports are estimated at last years' level of 2.4 million tonnes.

Guyana's bauxite output, which was also affected by labour unrest, is estimated at 1.1 million tonnes, a quarter less than in 1981.

Petroleum production in Trinidad and Tobago fell 10.3 per cent to reach 69.9 million barrels, the lowest level in 7 years, reflecting the declining productivity of existing wells, increased operational difficulties, and a glut on international markets.

Industrial output in the region also declined as the demand for locally manufactured goods slackened.

In Jamaica, where the manufacturing sector also faced tough competition from foreign goods, output is estimated to have fallen by 3 per cent.

In Trinidad and Tobago, the production of locally assembled motor vehicles declined by almost 14 per cent while output of radios and televisions fell by 12 per cent and 20.7 per cent respectively.

Most territories recorded lower rates of inflation as the U.S. dollar, to which most CARICOM currencies are tied, strengthened on the foreign exchange markets and as import prices grew more slowly than in 1980.

In Jamaica, where government expenditures were reduced and food shortages eased, the average rate of inflation was 18.1 per cent compared to 23.4 per cent for 1980.

In Trinidad and Tobago demand for certain items contracted and retail prices rose by only 15.4 per cent in 1981, 2 per cent less than in the previous year.

With many goods still in short supply, the increase in retail prices in Guyana remained at 22 per cent.

The rate of inflation in most of the Eastern Caribbean states fell back to single digits as import prices, particularly fuel, grew more slowly.

In Trinidad and Tobago expenditure on imports, especially consumption goods, rose sharply and the non-oil trade deficit continued to erode the oil surplus even further.

With oil prices rising more slowly in 1981, earnings from petroleum exports reached an estimated 5.3 billion dollars (1 TT dollar; 41 cents U.S.), just 8 per cent higher than in 1980 compared with a 21 per cent increase in 1980 over 1979.

The deficit on the non-oil visible trade is estimated at 4.8 billion dollars, almost 91 per cent of total earnings from petroleum exports.

Net foreign exchange reserves rose by only 0.5 billion dollars to reach 6.9 billion dollars at November 1981, compared to an increase of almost 2.8 billion for the corresponding 11 months of 1980.

Jamaica's efforts at economic recovery met with little success during 1981, despite fairly substantial balance of payments support from the International Monetary Fund (IMF).

In February Jamaica successfully negotiated a 698 million dollars (US) loan from the IMF--650 million dollars (US) from the Extended Fund Facility (EFF) and 48 million dollars (US) in export shortfall compensatory financing.

However, drawings under the EFF will be disbursed over 3 years subject to specified economic performance criteria, including targets for net international reserves, ceilings on net domestic assets of the Central Bank of Jamaica and net bank credit to the public sector.

Jamaica has so far made three drawings totalling some 250 million dollars (US). Jamaica has also secured a further 100 million dollars (US) in investment capital from donor countries. These inflows eased the foreign exchange situation somewhat and imported consumer goods and raw materials have become more accessible.

Jamaica's merchandise trade deficit more than doubled during the first 9 months of 1981 to reach 511.8 million dollars (1 JCA dollar; 56 cents U.S.).

This increase in the trade deficit and higher foreign debt payments reduced net foreign reserves from minus 821.2 million dollars at the end of 1980 to minus 1.3 million dollars as at October 1981--a decline of nearly 60 per cent.

The economy of Guyana remained depressed during 1981 despite additional financing from the IMF. Guyana secured the addition of 50 million special drawing rights (SDR) to the original 3 year balance of payment support loan of SDR 100 million negotiated in 1980 under the EFF.

That country also received a 20 million dollar (US) structural adjustment loan from the World Bank for investment in capital projects, especially in the housing sector. However, the performance of the major export sectors was relatively weak and, as a result, foreign reserves declined a further 100 million dollars (1 guy dollar; 33 cents U.S.) to minus 486.9 million by the end of August 1981.

To meet IMF performance criteria, the Guyanese dollar was devalued by 15 per cent and pegged to a basket of currencies made up of the U.S. dollar, the pound sterling, the yen, the deutsche mark and the Trinidad and Tobago dollar. Public expenditures were also reduced by 64 million dollars.

CSO: 3025/1093

## BRIEFS

CZECH AMBASSADOR PRESENTS CREDENTIALS--Bridgetown, Barbados, 23 Apr (CANA)--Antonin Fornusek, new Czech ambassador to Barbados this week presented his credentials to Governor General Sir Deighton Ward. [FL231615 Bridgetown CANA in English 1540 GMT 23 Apr 82]

ITALIAN ENVOY PRESENTS CREDENTIALS--Italy's ambassador to Barbados, Mr Ludovico Incisa di Camerana will present his credentials to Governor General Sir Deighton Ward on Tuesday at Government House. Mr Incisa di Camerana succeeds Mr Volchi. He will pay courtesy calls to the Ministry of Foreign Affairs and the Ministry of Trade, Tourism and Industry. [FL291600 Bridgetown SUNDAY ADVOCATE-NEWS in English 25 Apr 82 p 2]

BARBADOS-ITALY COOPERATION TALKS--Barbados and Italy yesterday explored a number of areas through which possible co-operation can develop between the two countries. The discussions were held between the island's Foreign Minister Mr Louis Tull, and Italy's ambassador to Barbados, Mr Ludovico Incisa di Camerana. The talks were held at Mr Tull's Marine house office. Two areas identified were agriculture and education. [FL032145 Bridgetown ADVOCATE-NEWS in English 27 Apr 82 p 1]

CSO: 3025/1093

## BRIEFS

MONETARY SYSTEM FAILURE PREDICTED--La Paz, 27 Apr (AFP)--The Bolivian monetary system both regarding the dollar official exchange rate and the floating exchange rate for the private sector is bound to fail, the National Chamber of Commerce stated here today. Jose Pinelo, chairman of the chamber, has noted that the floating exchange system--which is based on supply and demand--is becoming the target of speculators who are provoking an inflationary spiral which is further aggravating existing social tensions. The chamber states that a loss of confidence in the Bolivian currency has taken place due to the complete subordination of the national economy to the dollar system, even for minor transactions. The chamber proposes that the government discontinue in the short term the floating exchange system and that the Bolivian Central Bank intervene in the money exchange market to restore equilibrium in the face of the action of speculators who have been actually setting the exchange rates at will. For his part, Finance Minister Lucio Paz Rivero said that the floating system is of a temporary nature and that the ideal thing would be to implement a fixed exchange rate for the dollar, for which a strong financial backing will be required. After stating that the government has been evaluating the economic measures adopted in February and March, Paz indicated that any change in the monetary or economic policy will be made in consultation with the International Monetary Fund. [Text] [PY281704 Paris AFP in Spanish 2320 GMT 27 Apr 82]

COMIBOL STRIKE--By decision of the professionals who work for the Mining Corporation of Bolivia (COMIBOL) the 24-hour strike which was held yesterday has been extended until tomorrow, Thursday. This measure of force was carried out to protest the lack of an answer to their demand for a salary increase. The COMIBOL technicians and engineers' salary demands were made on 24 February but up to date no satisfactory agreement has been reached in that regard. COMIBOL representative (Wilfredo Salinas) informed Panamericana: [Begin (Salinas) recording] We are now adopting this measure since the solution to our demands is being delayed. We are now carrying out a 24-hour stoppage which will end at midnight. As of tomorrow we will start a second phase in order to seek a solution to our demands and further on, should there be no solution, we have a last measure, which is a general and indefinite strike. [Excerpts] [PY281438 La Paz Cadena Panamericana in Spanish 1130 GMT 28 Apr 82]

TRADE PACT SIGNED--In compliance with the protocol signed in Santa Cruz at the end of the first meeting of the Bolivian-Soviet joint commission held 19-23 April, the Soviet Union will continue to supply Bolivia with machinery and equipment for the mining industry. The buyers will provide the sellers the guarantee or endorsement of the Central Bank or Mining Bank within the following 90 days to the signature of the purchasing contract. The document signed by the two parties also points out that the Soviet organizations will use the resources which result from the sale of Soviet machinery and equipment to purchase Bolivian goods, which will include manufactured and semi-manufactured goods. During the meeting in Santa Cruz the two delegations analyzed the state of trade relations since the signature of the agreement in August 1970. It was pointed out that a sound basis for trade has been achieved which has had mutually satisfactory results, especially in financial and technical cooperation in the field of nonferrous metals. The two delegations voiced their intention to diversify new exportable fields. Within the exchange Bolivia will be able to export nontraditional goods to the Soviet Union. Our country, for its part, will increase the purchase of Soviet machinery and equipment in order to balance bilateral trade. [Text] [PY291554 La Paz Radio Illimani Network in Spanish 1100 GMT 29 Apr 82]

CSO: 3010/1468

## BRIEFS

CANADIAN ENVOY IN DOMINICA--Roseau, Dominica, 27 Apr (CANA)--Canada's High Commissioner to Dominica Allan Roger arrives here tomorrow on a 2-day official visit, during which he is expected to formally hand over a number of projects financed by the Canadian Government. Included are the Portsmouth Pier, reconstructed after extensive damage caused by Hurricane David, in 1979 a coconut rehabilitation project and the Roseau Banana Shed. Mr Roger will also visit the Rotary Timber Mill at Portsmouth, as well as the Grand Bay School project in the south of the island. [Text] [FL272315 Bridgetown CANA in English 1728 GMT 27 Apr 82]

DOMINICA SENATOR APPOINTED--Roseau, Dominica, 3 May (CANA)--General Secretary of the Dominica Amalgamated Worker's Union (DAWU), Anthony Frederick Joseph, has been appointed an opposition senator in the Dominica Parliament. His appointment follows the resignation early this year of former head of the Dominica Labour Party (DLP) Pershin Waldron. An announcement from the office of the Dominica president said that the appointment of Mr Joseph--the second trade unionist to be appointed a senator in the present parliament--became effective at 26 April. [Excerpt] [FL031945 Bridgetown CANA in English 1500 GMT 3 May 82]

DOMINICAN REPUBLIC BACKS ARGENTINA--Washington--The Dominican Republic yesterday voiced its support for the Argentine territorial rights over the Malvinas Islands. But at the same time, Dominican Foreign Secretary Dr Pedro Padilla Tonos asked Great Britain and Argentina to work for an honorable, just and decorous agreement in their conflict over the possession of the archipelago. Padilla Tonos yesterday addressed the OAS Assembly discussing the case, exhorting the European economic community to lift the trade sanctions it has imposed on Argentina. He called on Great Britain and Argentina to halt hostilities in the South Atlantic in the name of reason and harmony. The greatest service that the American nations can lend mankind at this time is to place all the resources of our diplomacy, influence and goodwill at the disposal of a decorous, just and honorable agreement which would preserve peace. Padilla Tonos added: Now that the first outbreaks of hostility between the conflicting sides have unfortunately begun, it has become most urgent and necessary to redouble all efforts and initiatives aimed at solving the conflict. He stressed that the conflict must stop at the point it has reached and added that reason and harmony so demands it, which is why he asked that steps be taken directed at resuming the negotiations begun by U.S. Secretary of State Alexander Haig. [Text] [FL281254 Santo Domingo Radio Mil Network in Spanish 1000 GMT 28 Apr 82]

## FDR-FMLN REPRESENTATIVE ON ELECTIONS, U.S. INTERVENTION

Madrid EL PAIS in Spanish 1 Apr 82 p 4

[Article by Antonio Martinez, FDR-FMLN Representative in Spain and Portugal: "El Salvador: Political Solution or Escalation of War"]

[Text] The recent elections are to be viewed in the framework of a military way out; with regard to them, we are in no way facing a political solution, as President Reagan and his authorized spokesmen have tried to present. The elections are, in essence, a part of the military solution conceived by the North American administration and the junta, to resolve the crisis.

According to this military plan, they plan to defeat us militarily back to the level of July and August of last year, so that the date of the elections would be the culmination of the pacification process, undertaken on the basis of our destruction by the Salvadoran Army. This was the plan but it did not turn out the way they wanted, on the contrary, during July and August, the FMLN [Farabundo Marti National Liberation Front] unleashed a reactivation of their military operations which put the army in a very difficult situation and caused that plan to fail, but the elections continued being presented as the only political solution.

Now, the elections have another meaning: they fulfil the role of legalizing the military aggression of the U.S. Government beginning with the establishment in El Salvador of a government arising from such elections. The country is at war, in the midst of the most savage and ferocious repression against both the popular progressive movement and the people. These elections take place in spite of there being a number of areas in the country controlled militarily by insurgent forces; but independently of the conditions under which they take place, they give rise to a government. This government asks aid from another, friendly government, in this case, that of Reagan, and he lends military assistance. We have, therefore, the creation of a legal framework for aggression, and it is with this objective in mind that they are working at this moment. We are dealing with elections held with in the framework of war, a very cruel and bloody war, which affects the entire population; practically speaking, there isn't a single family in El Salvador which is not directly or indirectly affected by it. Those elections, under those conditions, are not a solution at all. The FMLN faced with those elections has established its position: 1. The elections are not the solution to the

crisis. 2. The elections are not going to bring peace to the country. The elections do not end the war.

We are not planning to hinder the elections, neither do we plan to boycott them; we have not waged a campaign against the elections among the electorate. What we maintain is that these elections do not bring peace, they are not a solution to the crisis nor to the war which continues. Faced with these elections, the FDR [National Democratic Front] and the FMLN carry on their political and military work throughout the country, in such a way that they may have little significant value, to the point that their effect is nullified. This is our behaviour toward the elections.

#### Political Proposal

For some time now we have declared in a number of international forums the need to find a political solution to the crisis, starting from our interest in reducing the social cost, already enormous, of the revolutionary political process which is unfolding in our country. The road is to reach a solution negotiated on the basis of a dialogue, between the forces which are fighting. We have made known this position in the United Nations and now we have a complete proposal on the policy of negotiation.

We are presenting to international public opinion this negotiating proposal, and we believe that, in addition, this is going to meet the needs of friendly and democratic governments, including governments friendly to the United States, a need which is expressed in the necessity to find a negotiated solution to the crisis. But to find it there is no other way but to hold a dialog with the FRD and the FMLN. Without them no solution in the country is possible. We believe that the present proposal contains the elements and central problems which concern the parties involved, including the U.S. Government itself. We are not interested in raising an altar to violence and war. We have gone to war and we are at war because it has been thrust upon us.

We, in El Salvador have had varied experiences in electoral participation; we have brought to elections civilian presidential candidates, military presidential candidates, but today we make war because all the avenues to attain liberty and peace were closed to the Salvadoran people, and thus war was imposed on them and we are prepared to carry it to whatever depths and length necessary to achieve that peace and that liberty, but we do not raise an altar to war; hence we are disposed to enter into negotiations.

The North American government and the junta have not shown any signs, until now, of having any desire whatever to negotiate; much to the contrary, they are ready to assault us militarily. We have knowledge of operations they are undertaking, on aerial transport forces based in Fort Bragg, North Carolina, also the use of aircraft carriers of the Pacific fleet, and of naval units scattered in the Caribbean area, specifically, the carriers "Kennedy" and "Eisenhower;" very large military forces, with great fire power and ease of movement to invade our country. Until now they have waited, but they are the ones who have the advantage. We do not want to be attacked and we are not interested in being invaded, but neither are we going to put up with a

policy of blackmail, or pressure, as a condition for the forces to submit or give up. The war goes on, but we raise the flag of dialogue and negotiation.

### Revolutionary Offensive

In the military arena, the most important phenomenon is that the Christian Democratic army has lost the initiative and this is the main characteristic of the course of the war: loss of initiative on the part of the enemy. Starting from the last offensive which they launched against Morazan, which had as its objective on the one hand, to prevent the FMLN from securing new conditions for a new military offensive based on the attrition of our logistics. They were not thinking of a campaign of destruction, it was a campaign of attrition. On the other hand, the second specific objective was the destruction of Radio Venceremos. They did not succeed in either one. Furthermore, the present general, Jose Guillermo Garcia, minister of defense announced the destruction of the radio, but in the following week, Radio Venceremos was transmitting better than ever.

Neither did the objective of the logistical attrition of the FMLN succeed. From there the initiative passed to us, and the FMLN struck against the enemy in the eastern area, took some towns: Sociedad, Sensembra, Osicala, Usulután, San Fernando, Chalatenango; military operations were reactivated in the western area of the country, attacks are made in the central area, San Vicente, the area of the Chinchontepeque volcano; in other words, a total military reactivation of FMLN, and the opposing army loses its initiative in the war. The Usulután military operation is important because the enemy had deployed its forces in and around the city, and despite this, the FMLN took the city and surrounded the enemy in their barracks, inflicting international public opinion as evidence that there was peace in the country. In the capital, the enemy passes day and night threatened by our forces. The important and forceful strike against the air base of Ilopango, shows clearly the characteristics of the war and the audacity, development and experience of the FMLN.

The war grows more intense and the army has lost the initiative for two reasons. 1. Because the FMLN has developed an enormous military capacity. 2. Because the army is damaged by its own internal dissensions.

The promotion of Colonels Jose Guillermo Garcia, Eugenio Vides Casanova and Jaime Abdul Gutierrez, to the rank of general and the naming of Garcia as army chief of staff suggests a full internal struggle in the institution, which at one time threatened to provoke the resignation from the cabinet of Abdul Gutierrez. Moreover, the framework of these dissensions put Napoleon Duarte in a situation bordering on his replacement, a tangle of contradictions more evident each day--that the army cannot defeat us and we are defeating the army--and this borders on the possibility of direct or indirect aggression on the part of the United States.

This is the danger that now hangs over the Salvadoran people, the logic of the policy devised by Reagan does not show anything but this. He is indeed helping the Salvadoran Army and he is sending them advisers; he is replacing

immediately the helicopters and airplanes destroyed by our forces in the 28 January attack against the military base of Ilopango, he is indeed quickly sending to the army, even despite Congressional opposition, other more sophisticated aircraft, yes, he is training 490 officers and 1,000 soldiers in Fort Benning. If after all of this, he does not defeat the Salvadoran people, risen in arms, the logical assumption is that he is looking for an excuse to intervene--directly or indirectly--which he has already planned.

The immediate threat which hangs over our country is North American aggression, although it may not be perpetrated directly, but by using one of its instruments, such as the intervention of the Argentine, Chilean, Colombian and/or Venezuelan Armies. We maintain that any foreign intervention will lead to the immediate spread of the conflict affecting Central American and the Caribbean, we feel also that it could lead to an international conflict of larger and grave proportions, threatening world peace. It is for this reason that the democratic governments and the solidarity of the people, in their varied expressions, must demand the recognition of the representation of FDR-FMLN, their rejection of the militaristic policy of Reagan and the importance of holding peace talks.

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CSO: 3010/1347

## GOVERNMENT, PRIVATE SECTOR ON MUTUAL RELATIONS

FL031930 Bridgetown CANA in English 1730 GMT 3 May 82

[Text] St Georges, Grenada, 3 May, (CANA)--Deputy Minister of Finance and Trade Mr Lyden Ramdhanny, has said that relations between the island's leftist government and the private sector have been improving in recent years.

Mr Ramdhanny told reporters it was the intention of the government to have as much consultation with the private sector as possible.

If the government was building a mixed economy, the private sector had to be involved in the process, Ramdhanny said.

The deputy finance minister also commented on the government's "carrot and stick" taxation measure designed to make the private sector invest more in the economy.

Under the scheme, company taxes this year would be increased from 50 to 55 per cent but companies which expand activities, or build new plants and factories would receive a rebate effectively reducing taxation to 40 per cent.

The measure was announced by Finance Minister Bernard Coard in the 1982 budget in March.

Mr Ramdhanny said the initiative which was met with objection by the business community was intended to be an incentive for the private sector to invest in the productive sectors of the economy.

Meanwhile the President of the Grenada Chamber of Commerce and Industry David Minors has said that although relations between the business community and the government have been improving the fact remained that there were certain areas of disagreement.

Mr Minors said the private sector was particularly concerned about a number of recent pieces of legislations. He pointed to the increase in company tax from 50 to 55 per cent, price controls on imported goods and a regulation which requires licenses for all imports and exports.

Recently, minors accused the government of using all sorts of opportunities to tear into the business community unfairly and in an unwarranted way and of using the chamber as "window dressing."

Minors stated that he and other members of the chamber had told Deputy Prime Minister Coard and Mr Ramdhanny that what was required now was for the government to do something tangible to show its encouragement to the private sector.

CSO: 3025/1094

## GAIRY VOWS GRENADIANS WILL BE FREE THIS YEAR

FL241917 Bridgetown CANA in English 1845 GMT 24 Apr 82

[Excerpts] Toronto, Canada, 24 Apr, (CANA)--Former Granada Prime Minister Eric Gairy surfaced here last night but only at the end of a telephone to announce that he was continuing efforts to regain power on the Caribbean Spice Island.

The exiled politician, a British knight, telephoned a statement to the West Indies news service and it was later broadcast on Toronto radio. He would not disclose where he was calling from.

Following the broadcast here, Grenada's honorary consul in Toronto, Mr Lennie Fleury, declared that it was the kind of thing the government had grown accustomed to hearing from the ousted leader, whose regime had been characterised by repression against opponents, through hanpicked toughs called "the mongoose gang."

Mr Fleury said further that the Bishop government was in full control on the island.

Following is the text of the telephoned statement in a voice which Mr Ken Thomas of the West Indies news service said he recognised as Sir Eric's: "I am not at liberty to say where I am at present. You should tell your readers in Toronto and elsewhere that I remain forthright in my resolution to regain control of my homeland.

"I know from many supporters on the island I am still respected and the people need me to relieve them from the tyranny of the Maurice Bishop regime which has imprisoned many Grenadians without cause and without recourse to a fair trial.

"Grenadians will be free again before the end of the year.

"I am not at liberty to say how I am going to regain the prime ministership of Grenada.

"I have no mercenaries and I do not intend to recruit any. The struggle will be fought from within Grenada. I have already sent emissaries to St Georges.

"I have raised upwai 5 million dollars so as to finance my return to Grenada and the smooon transition of leadership to my faithful team of civic-minded Grenadians.

"Tell my compatriots and friends in Grenada that help is on the way."

CSO: 3025/1094

## BRIEFS

GOODS FOR AIRPORT--St Georges, Grenada, 6 May, (CANA)--The Peoples Revolutionary Government (PRG) was scheduled to sign a multi-million dollar contract today with the British firm of Plessey Airports Limited, for the supply of a wide range of goods and services for Grenada's International Airport which is being constructed at Point Saline. Informed sources said the contract, valued at some 6.5 million pounds sterling, covers "from felt pens to control tower radar." The sources said the original tenders for this contract had been in the vicinity of 10 million pounds sterling, but a part of the contract has been awarded to a Finnish firm, which will be supplying fire fighting equipment and lighting. Plessey Airports Ltd reportedly won the contract from their strongest competitor, Messrs Thompson C.S.F. of France. A senior executive from Plessey was expected in Grenada today for the signing ceremony at the airport site. [Text] [FL062325 Bridgetown CANA in English 2308 GMT 6 May 82]

CSO: 3025/1094

## GUYANA APPLIES TO LAFIC FOR PROJECT FUNDING

FL271319 Bridgetown CANA in English 2235 GMT 26 Apr 82

[Text] Georgetown, Guyana, 26 Apr (CANA)--The Guyana Libya Arab Agricultural Development Company has applied to the Libyan Arab Foreign Investments Company, [LAFIC] for 19 million dollars (one Guy dollar; 33 cents U.S.) to fund a land development project to east of here, and a poultry scheme in the same area.

A release from the company said feasibility studies of the two projects were examined at last week's general assembly of the Joint Agricultural Development Company.

The general assembly, made up of Guyanese and Libyan members of the company's board of directors, was chaired by Lafic's deputy chairman, Mr Smieda El Naily.

Newly elected general manager of the Guyana rice board, Leon Dundas, has been elected Guyana's representative on the general assembly.

Managing director of the company, A. Al Asheg, said payment of the remaining 70 percent of the 15 million dollar initial share capitol by both Guyana and Libya was among matters discussed at the meeting.

The two partners have already paid the initial 30 percent of the capitol, and payment of the outstanding 70 percent is required prior to the granting of any additional funds by Lafic to the company.

Lafic, which has a 49 percent interest in the agricultural development company, has capitol of some 500 million Libyan dinars (about 1.7 billion U.S. dollars) and is the only company authorised to deal in foreign investments on behalf of the Libyan Arab Jamahiriyah.

CSO: 3025/1095

## BRIEFS

TALKS ON RICH-POOR NATIONS--Georgetown, Guyana, 25 Apr (CANA)--A high level group appointed by the commonwealth secretariat to study ways of reopening talks between rich and poor nations on a new international economic order is preparing to meet in London 19 to 21 May. Mr Searwar said the groups task was "really a case of trying to find more flexible methods of negotiation than those which presently exist." The group was appointed following the 1981 commonwealth heads of government summit in Melbourne which discussed the deadlock north-south discussions was that the negotiating groups are too large. Maybe it was possible, he said, for there to be smaller groups and their work would be approved by the large groups. The developing countries are represented by the group of 77 nations at talks with the developed group of countries. Mr Searwar said the commonwealth team of experts had to identify the problems facing the global discussions and find ways of solving them. In their Melbourne communique, the commonwealth countries said: "Heads of government noted that lack of progress in negotiations between developed and developing countries resulted in part from obstacles in the negotiating process itself." While stating that their meeting had come at a time of economic crisis, the heads of government "stressed the global character of the problems facing the contemporary world and expressed their firm belief that domestic policies to counter these problems needed to be supplemented by collective action and a global approach." [Text] [FL261448 Bridgetown CANA in English 1718 GMT 26 Apr 82]

AMBASSADOR TORRES ARRIVES--Georgetown, Guyana, 26 Apr (CANA)--Ernesto Torres Diaz, Colombia's first resident ambassador to Guyana, has arrived here to take up his post. He succeeds Charge d'Affaires Reginaldo Tejada Mejai, who will be leaving the country shortly. Ambassador Torres Diaz, who is also a doctor of laws, worked in Dominica before coming to Guyana. [Text] [FL271315 Bridgetown CANA in English 1755 GMT 26 Apr 82]

GOLD, DIAMOND PRODUCTION--Georgetown, Guyana, 6 May (CANA)--The value of Guyana's gold production of 2,901 ounces for the first quarter of 1982 was down to 2.6 million dollars (one Guy dollar; 33 cents U.S.), from 41 million dollars worth extracted over the January-March period last year. The Guyana Geology and Mines Commission, in making the disclosure, blamed the lower earnings on a 10 per cent decline in production this year, plus a drop in the world price of the commodity. The commission also reported a continuing decline in Guyana's diamond production. It linked the fall-off to the relative inacces-

sibility of the diamond-producing areas, coupled with the scaracity of fuel and food supplies to these areas. The commission however did not give figures. Diamond production has declined steadily from 59,000 metric carats in 1970 to less than 10,000 metric carats last year. [FL062100 Bridgetown CANA in English 1809 GMT 6 May 82]

CSO: 3025/1095

## SEAGA ANNOUNCES MORE FOREIGN LOANS, NO NEW TAXES

FL232346 Bridgetown CANA in English 2328 GMT 23 Apr 82

[Text] Kingston, Jamaica, 23 Apr (CANA)--The Jamaica Government will not be imposing new taxes or resorting to local commercial bank borrowings to finance its 2.8-billion-dollar (1 JCA dollar; 56 cents U.S.) budget for the 1982-83 fiscal year which began this month, according to Prime Minister and Minister of Finance Edward Seaga.

However, the country will be seeking overseas loans amounting to 853 million dollars, and a projected 11-million-dollar resource gap in the estimates will be closed through treasury bills offerings, Mr Seaga told parliament last night.

The budgetary estimates call for net recurrent spending of a little under 1.9 billion dollars, while on the capital side the outlay is just over 875.24 million dollars.

Mr Seaga said his administration was projecting increased collection of taxes in the coming year, particularly in such areas as property, motor vehicles, betting and gaming, stamp duties and excise and customs.

He said that was the reason for the significant narrowing of the resource gap in the budget, compared with the gap last year of 186 million dollars.

"What this means is that there will be no borrowings from the commercial banking system this year, and there will be no new taxation measures this year."

He said that the country's tax take last year was about 100 million dollars above projections, and to increase the yield during fiscal 82-83 the government will be instituting tighter controls, particularly in excise and customs which had not performed as expected.

Said Mr Seaga of the customs and excise areas: "Things are happening there that requires serious investigation and there will be serious investigations.

"I want to inform anybody involved in any irregularity that they will not get the regular penalty (of fines) only...any duty-free privileges will be withdrawn.

"This year will see an entirely new morality developing."

In anticipation of opposition criticism of his administration's foreign borrowings, Mr Seaga said: "Those who are contending about our active loans programme, let them realise that they didn't leave anything to work with."

The prime minister argued that the loan borrowings were being "held in restraint" rather than being substantially increased.

Loans, he pointed out, amounted to 861 million dollars, last year, and this year 853 million dollars.

The borrowings were necessary to build back the country's earning capacity, which the prime minister charged was all but shattered during the 1970's under the regime of then Prime Minister Michael Manley.

Mr Seaga boasted that the government in the last fiscal year had been able to do better than the guidelines set by the International Monetary Fund (IMF) for restraint on its spending--making nonsense of the point of contention between the fund and the former government.

The Manley government in early 1980 broke off negotiations with the IMF when the fund required it to pare 100 million dollars (J) off the budget, which the then administration had said would cost 11,000 public sector jobs, and other dislocations in the economy.

Mr Seaga said that in exchange for the 698 million dollars (U.S.) loan his government is receiving from the fund over 3 years, the budget deficit last year should have been 267 million dollars, inclusive of the 100 million dollars that Manely had been required to cut.

At the end of the alst fiscal year the deficit was 167 million dollars.

"There was no trauma in the economy," he said, "no massive lay-off of people, no dramatic chaos, no resort to rhetoric, no blaming of the IMF.

"We have done it quitely and beyond the expectations."

CSO: 3025/1097

## GOVERNMENT GETS IMF APPROVAL FOR SECOND YEAR

FL291540 Kingston DAILY GLEANER in English 24 Apr 82 p 1

[Text] Prime Minister Edward Seaga announced yesterday afternoon that the board of executive directors of the International Monetary Fund had that day unanimously approved the second year of the fund's programme with Jamaica, for the period April 1982--March 1983.

Members of the board, including the managing director, praised the out-turn of the first year's programme (April 1981-March 1982) and Jamaica's achievement in meeting all the performance criteria, the prime minister said. They also remarked on the extent to which Jamaica had in some cases exceeded the target, the draw-down for the second year is SDR 149.8 million, or approximately U.S. \$170 million.

"Jamaica's performance in fulfilling the criteria of the first year's programme means that we can now draw the first tranche of the second year's facility," the prime minister said. "The remainder will be disbursed in quarterly tranches subject to our meeting the performance criteria set by the fund which involve the net international reserves of the Bank of Jamaica; the new domestic assets of the Bank of Jamaica the new domestic credit to the public sector; and external debt ceilings.

Another performance criterion--that the arrears on current payments should be eliminated at 31st December 1982--has already been met 9 months ahead of schedule--as announced earlier, the prime minister said.

In April 1981 the Government of Jamaica entered into a 3-year extended fund agreement with the IMF. The total amount for the 3-year agreement in SDR 499.5 million, approximately U.S. \$650 million.

Having successfully concluded the first year of the programme, Jamaica was able to draw down the full amount of SDR 200 million--or U.S. \$232.2 million agreed on for that year.

CSO: 3025/1097

## ITALIAN OFFICIAL ENDS TALKS, COMMENTS ON POLICY

FL281800 Bridgetown CANA in English 1727 GMT 28 Apr 82

[By Paget Defreitas]

[Text] Kingston, Jamaica, 28 Apr (CANA)--Italy has offered Jamaica a further 10 million dollars (U.S.) in economic assistance during 1982, as part of its programme of increased developmental support to third world countries, the Italian under-secretary for foreign affairs, Roberto Palleschi, disclosed here.

Last year Rome granted the Jamaica Government a 15 million dollar (U.S.) line of credit, as well as a 5 million dollar (U.S. suppliers' credit for the private sector. These are yet to be utilised.

Mr Palleschi headed a delegation that had 2 days of talks here with Jamaican Government officials on economic co-operation between the two countries, and last night he told reporters that Rome had agreed to increase last year's allocation by a third, which would bring the total outlay to 30 million dollars (1 JCA dollar; 56 cents U.S.).

A portion (yet to be decided) of the additional 10 million dollars will be in soft loans carrying at 2.5 percent interest, while the remainder will be in credit at a rate of 7.75 percent.

The Italian assistance is geared towards agricultural, industrial and infra-structural development, and Mr Palleschi said that it was hoped that the better terms of the additional amounts would spur the utilisation of the package.

Jamaica is the first English-speaking Caribbean country to get any significant economic assistance from the Italians, and it is the starting point in a movement by Rome to raise its profile in the Caribbean basin.

Palleschi was leaving here today for Costa Rica, and after Nicaragua, to discuss cooperation with those countries.

Italy, he said, had become sensitive to the problems of the developing world, and had allocated 4.2 billion dollars (U.S.) for economic assistance to them for 1981 to 1983.

Said the under-secretary through an interpreter: "The desire of helping developing countries is not a moral engagement, but an economic necessity, and...in this politically delicate area, political stability can be achieved only by increasing the wealth of the people."

He said that Italy wanted to help the countries of the region to develop themselves "outside the prevarications of military blocs."

"Although we are an ally of the United States, we must help them not to fall into isolation and into a sphere of solitude," he declared.

Asked whether the remarks meant that Rome was skeptical of J.S. policies in Central America and the Caribbean, particularly against Nicaragua, he replied: "We are faithful allies of the United States. We are part of the same alliance, but it is a democratic alliance where any country can put its own ideas."

The foreign affairs under-secretary said that he would not be carrying any special messages to the Sandinista Government when he visited Nicaragua.

However, with the blessing of the government, he will visit the west of the country, where the ruling junta has been accused of genocide against the minority Miskito indians.

The Nicaraguan authorities have strongly denied that the indians have been massacred, and claim that the charges were all part of the campaign led by Washington to destabilise the revolutionary government.

CSO: 3025/1097

## BRIEFS

SOVIET DONATION--Kingston, Jamaica, 14 Apr (CANA)--The Soviet Union has donated a quantity of sporting equipment to Jamaica. The equipment includes boxing gloves, stop watches, wrestlers suits and tape lines. The goods were presented to the Minister of Youth and Community Development Errol Anderson by Soviet ambassador, Dmitriy Musin Thursday, the Jamaica Information Service (JIS) reported. Mr Anderson said that the gift could serve only to continue the cordial relationship between Jamaica and the Soviet Union. [Text] [FL241505 Bridgetown CANA in English 0917 GMT 24 Apr 82]

JAMAICAN BAUXITE INDUSTRY STATUS--Kingston, Jamaica, 28 Apr (CANA)--The Jamaica bauxite-alumina industry, still feeling the effects of a prolonged recession in the world aluminum market, declined sharply in the first quarter of 1982 when compared with the corresponding period last year, according to figures released by the Jamaica Bauxite Institute (JBI). The JBI, a government agency that monitors the industry, said that ore exports during the first quarter fell by 36 percent, from 1.6 million tonnes between January and March 1981 to just over one million tonnes. Alumina exports, the institute said declined 37 percent, to 402,000 tonnes against 635,000 tonnes in the first quarter of last year. Overall, it said, bauxite disposed of (shipped and refined into alumina) was 2.0 million tonnes, 36 percent below the 3.2 million tonnes in the first quarter of 1981, when production and sales were running at record levels. [FL281720 Bridgetown CANA in English 1643 GMT 28 Apr 82]

CSO: 3025/1097

## BRIEFS

STRIKE AFFECTS GOVERNMENT SERVICES--Plymouth, Montserrat, 29 April, (CANA)--Government offices in Montserrat today remained closed for the second day running as public servants continued a strike to press demands for 25 percent pay increases. The government-owned radio station ZJB was again off the air today. The station, which normally operates a 17-hour broadcast day, was on the air for just over an hour yesterday evening. A brief report said that government had recognised the absence of civil servants from duty "as some form of protest." Neither of the groups involved--the Nurses Association, the Teachers Union and the Civil Service Association (CSA) nor government has so far made any public statements, but cabinet has been meeting to discuss the problem. Sources close to the associations said their members should be back on the job tomorrow and that following resumption the government was expected to meet the associations. The public servants, who were originally seeking 55 percent pay hikes, had rejected government's 10 percent offer. The strike has affected work at such places as the hospital, the prison, schools and the airport. [Text] [FL292244 Bridgetown CANA in English 2149 GMT 29 Apr 82]

CSO: 3025/1099

## BRIEFS

COMPTON RULES OUT COALITION GOVERNMENT--Castries, Saint Lucia, 29 April, (CANA)--Leader of Saint Lucia's United Workers Party (UWP), John Compton has said that the party has no interest in being part of any coalition government after Monday's general elections. Mr Compton told a news conference here, that the island's political and economic turmoil was a result of a coalition of two parties. "We have seen the effects of that, so in this election we are fighting for a strong mandate to retrieve what was lost over the last 30 months." The campaign is in the home stretch and the three political parties will be holding rallies to coincide with May Day celebrations scheduled for Saturday. Analysts here have been speculating on the possible outcome on the May 3d poll, predicting a close result with none of the three parties obtaining a clear majority. Chief elections officer McClair Daniel said that all is in place for Monday's elections in which more than 75,000 St Lucians are eligible to take part. He said that in order to avoid congestion at the polls the number of stations has been increased from 153 in 1979 to 184. [Excerpts] [FL300052 Bridgetown CANA in English 2347 GMT 29 Apr 82]

EVIDENCE AGAINST COMPTON THREATENED--Castries, St Lucia, 1 May (CANA)--The Progressive Labour Party (PLP), one of three contesting Monday's general elections in St Lucia, has threatened to circulate a letter which it says incriminates United Workers Party (UWP) leader John Compton in the sale of St Lucian passports to an internationally known criminal. PLP leader George Odlum, a former labour foreign minister, announced his so-called "election bombshell" at a public meeting in castries yesterday. Interim Prime Minister Michael Pilgrim, a PLP candidate, had announced in a nation wide broadcast on 10 February that members of the Royal St Lucia Police Force and ministers of the last St Lucia Labour Party Government were involved in the racket under which passports were illegally sold to aliens. Mr Compton, who according to political observers is well-placed to regain power in the elections, reacted quickly to the Odlum statement. In a letter to Prime Minister Pilgrim, Mr Compton said that the letter which Odlum says he has could only be a "complete forgery." The UWP leader urged Mr Pilgrim to redeem his pledge to the nation and disassociate himself from what he called a "smear campaign" and "make a clear and unequivocal statement that the letter being circulated by your party is a forgery." [Excerpts] [FL031020 Bridgetown CANA in English 1643 GMT 1 May 82]

CSO: 3025/1098

## BRIEFS

CTAWU PRESIDENT RE-ELECTED--Kingstown, St Vincent, 30 Apr (CANA)--Cyril Robers has been re-elected president of St Vincent's most powerful trade union, the commercial, technical and Allied Workers Union (CTAWU). He has been serving in that capacity since 1967. Most of the union's principal officers, including Secretary General Burns Bonadie have also been re-elected to office. The CTAWU represents workers in 42 private companies and public sector departments, and has a membership of over 3,000 people. It is affiliated to several regional and international organisations, and celebrates its 20th anniversary this year. [Text] [FL031945 Bridgetown CANA in English 1732 GMT 30 Apr 82]

ST VINCENT ROK ENVOY VISITS--Kingstown, St Vincent, 24 April, (CANA)--South Korea has given St Vincent and the Grenadines two trucks and a jeep for use in the island's Sular Industry. The vehicles were presented yesterday by South Korea's Jamaica-based Ambassador Choe Sang-chin, who has ended a 2-day visit to St Vincent during which he held discussions with Prime Minister Milton Cato and other government officials. [Text] [FL241505 Bridgetown CANA in English 0923 GMT 24 Apr 82]

ENVOY VISITS ST VINCENT--Kingstown, St Vincent, Saturday (CANA)--Diplomatic missions from three foreign countries visited St Vincent and the Grenadines this week for talks with government officials, aimed at promoting friendly relations between their respective countries and St Vincent and the Grenadines. Among the visitors were the Indian High Commissioner Dr Ramesh C. Shukla, Peru's ambassador to the English-speaking Caribbean, Senor Miguel Barandiaran and a senior official of the South Korean Embassy in Jamaica Dr Sang Jin Choi. During his visit here, Dr Ramesh Shukla presented his credentials to Governor General Sir Sydney Gun-munro. [Text] [FL291600 Bridgetown SUNDAY ADVOCATE-NEWS in English 25 Apr 82 p 3]

CSO: 3025/1098

## ECONOMY BEGINS SLOWDOWN AFTER 7 YEARS OF GROWTH

FL261510 Bridgetown CANA in English 1940 GMT 24 Apr 82

[Text] Port-of-Spain, Trinidad, 24 Apr (CANA)--Oil-rich Trinidad and Tobago's economy has begun to slow down after 7 years of bouyant growth, the Central Bank has reported.

In its 1981 report, which has been laid in parliament, the bank said oil production was down, the growth of the manufacturing sector was weak, and agriculture continued to decline.

Last year the agricultural sector continued to perform poorly, registering its fifth consecutive year of decline in real value, the bank reported. Apart from agricultural, the non-oil sector continued to grow strongly, led by substantial real value increased in construction, finance, real estate, electricity and water, said the bank.

The manufacturing sector showed weak growth in 1981, with the sub-sector of transport, storage and communications failing to keep up the growth of 1976-80.

A positive point was said to be the decline in the rate of inflation, from 17.5 percent in 1980 to 14.3 percent last year. This was caused by moderation in growth of domestic expenditure, decreases in inflation in metropolitan countries which supply most imports, the appreciation of the U.S. dollar and related factors.

Export earnings declined in 1981, though on the other side the growth of imports fell appreciably, mainly due to fewer imports of capital goods linked to a slowdown in government's expenditure.

Looking at the oil sector, the Central Bank noted the 11 percent decline in crude oil production, the 25 percent fall in refinery throughout and the small increase in prices of crude oil.

"The outlook over the next few years is for small increases in the nominal price of crude oil and perhaps substantial decreases in its real price," the bank warned.

Factors causing the forecast included the world's oil glut condition, ongoing recession in the developed countries, increased in non organisation of petroleum exporting countries (OPEC) crude oil and greater conservation and substitution of oil by coal and nuclear power.

As the bank saw it, the 1981 pattern of growth, with a weak goods-producing sector and a strong construction and service sector, was not a secure basis for substaigned growth of the domestic economy.

"This conclusion is reinforced by the observation that the growth of governments expenditure, which has been the main influence on growth in the non-oil economy, particularly construction, over the last few years, is likely to decline," the bank report said.

A "virtual stagnation" of the domestic budget deficit and a small increase in the non-oil private sector balance of payments deficit led to smaller increases in the money supply last year.

The broadly defined money supply increased by 20.7 percent and the narrowly defined supply by 16.1 percent, way below the trend rates of 26.8 and 33.6 percent annually for the period 1974-80.

In addition the rate of growth of bank credit in 1981 was 23.3 percent, well below the 30.3 percent average annual rate of 1974-80.

The bank's monetary and fiscal measures were not all successful.

"The commercial banks have so far been unable to reduce incremental non-business credit to the 25 percent guideline stipulated in the selective credit controls measure," the bank said.

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As the bank saw it, the 1981 pattern of growth, with a weak goods-producing sector and a strong construction and service sector, was not a secure basis for sustained growth of the domestic economy.

"The share of these loans actually rose from 33.2 percent in the first quarter of 1981 to 35.5 percent in the fourth quarter," the bank said.

The bank noted that there was better luck with the marginal reserve requirement, which stated that commercial banks must hold with the Central Bank and additional 15 percent of incremental deposit liabilities over the December 1979 level.

This requirement effectively withdrew from the banking system just over 123 million dollars (one TT dollar; 41 cents U.S.) in 1981, limiting the growth of bank credit and helping cause a lower rate of growth on the money supply.

Commercial banks found themselves last year in a "generally tighter resource position" and this helped push up interest rates on deposits and loans in 1981.

Interest rates on time deposits rose, as did rates on all interest-bearing deposits, while the prime lending rate rose from 10 percent at the end of 1980 to 11.50 percent at the end of 1981. The weighted average loan rate also rose.

CSO: 3025/1099

## BRIEFS

AID TALKS WITH BRITISH MINISTER--Grand Turk, Turks and Caicos Islands, 29 April, (CANA)--Neil Marten, Britain's minister responsible for overseas aid, arrived in the Turks and Caicos Islands today on the first leg of an official trip that will also take him to Belize, Dominica, Montserrat and Anguilla. Mr Marten met with both government and the opposition and said afterwards he was heartened to find unanimous support for Britain's action over Argentina's invasion of the Falklands and recognition of the implications of the situation for other countries in this region. On British aid generally the minister said that while demands were enormous a priority was aid to the dependent territories as set out by the United Nations. President Reagan's Caribbean basin initiative he said was good and useful, especially as it concentrated the minds of Americans on the problems of this area, but whether it will have much impact on these islands remains to be seen. Mr Marten, who is accompanied by Ken Woolverton head of the Barbados-based British development division in the Caribbean, will look at projects financed by London. The British minister flies to Belize tomorrow. [Text] [FL292249 Bridgetown CANA in English 2048 GMT 29 Apr 82]

CSO: 3025/1099

## HERRERA ADMINISTRATION'S PROMISES, ACCOMPLISHMENTS COMPARED

Caracas NUMERO in Spanish 28 Mar 82 pp 12-32

[Text] Assessment After 3 Years: Not That Bad, Not That Good

For a consistent comparison we used two yardsticks: the government's election promises and its own account of what it has done during its 3 years in office. The result will probably not satisfy anyone. Staunch COPEI [Social Christian Party] members are sure that more was done, and the opposition will feel that the comparison is very generous. To the independent observer and probably to many nonfanatic COPEI people, however, it will be a surprise.

How can a government's record and accomplishments be evaluated? The question would make no sense for an enthusiastic supporter of the government or to a staunch opponent; they would see things through the prism of their own preferences, prejudices and passions. The task is not that simple for a journalist, however. The problem lies in honestly fulfilling the commitment to be objective.

Moreover, what is the yardstick, what data should be compared? When someone is said to have succeeded or failed, there are two possibilities: Either the judgment was based on the expectations of the observer, on what he would have wanted the person being judged to have done, or the assessment was based on an unquestionably objective reference point, such as the very goals that the person being evaluated set for himself.

It is the latter yardstick that we have applied to the Luis Herrera administration after 3 years in office. We decided to do a lengthy comparison of "My Pledge to Venezuela" (Luis Herrera's government platform for the 1979-1984 term) to the corresponding information in his most recent message to Congress, as well as in his two prior messages.

The argument could be advanced that this does not tell the whole story. We would have to agree, however, that this is the most accurate yardstick possible. Some of his opponents say that some information in his message is not true, especially in connection with housing. This is not an issue in the present article. We have assumed the information in the messages is accurate and compared it with the original promises.

A final judgment is up to the reader. We would venture to say, however, that people will be surprised, just as the newsmen who wrote the article were, which is the reason for the headline: "Not That Bad, Not That Good."

Unfortunately for the government, its reporting policy has not been too successful. Otherwise, we would see that it has kept or is in the process of keeping many of its promises.

In contrast, some measures that it has taken, some promises it has kept have not had pleasing results, consequences. From the standpoint of a strict comparison, however, they are accomplishments.

Of course there is a great deal that has not gotten done too. The deficit is especially serious because this is a sensitive area in which the government is losing prestige and which could even affect the outcome of the upcoming elections. In housing and public services in particular, the results have not been encouraging.

Our comparison deals exclusively with economic matters. Education, health care, social security, foreign relations and political criteria were left out. They warrant a separate investigation. NUMERO has focused just on the economy.

At the conclusion of the comparison we include two additional items: a poll of journalists specializing in politics and economics from the main Caracas papers and a brief article by Ricardo Martinez. The poll presents a negative view of the administration, while Martinez's article is an impassioned and articulate defense of the government's efforts, in the realm of concepts and grand ideas.

#### Economic Policy: Promises

##### Short-Term Problems

a) Cut the rate of inflation. Fiscal and financial policy was mismanaged in 1978. There was an increase in liquidity among the public and a relative lack of liquidity in the financial system. If corrective steps are not taken, the economy will stagnate or its pace of growth will drop.

b) Our balance of payments was in the red, and our international reserves were shrinking. The future situation will depend on oil prices and import levels. Boosting oil prices is a key point in our economic policy.

c) Total government spending has expanded to a point that it cannot be covered with regular revenues. If the trend is not reversed, revenues will be insufficient to cover current expenditures and government debt servicing.

d) Rationalize the public debt.

e) Organize the State's financial institutions and provide them with a single authority.

#### Structural Problems

a) Alleviate our country's dangerous dependence on a single item. Create conditions for a dynamic, self-sustaining process of development.

b) A more equitable distribution of income. There will thus be steady growth of demand, which will be met with more and better output from domestic industry.

#### Objectives

a) Review of the budget, with superfluous outlays eliminated.

b) Recourse to government borrowing when there is a demonstrated need. Domestic borrowing preferred to foreign borrowing. Renegotiate part of the debt, only for programs that have proven to be profitable.

c) Boost public investment to keep up the economy's pace of expansion.

d) Streamline procedures for bringing in capital to areas stipulated by law.

e) Utilize tariffs to set priorities in imports and to facilitate the choice of consumer goods.

f) Dynamic management of prices and subsidies.

g) Instruments will be created for the ongoing, systematic evaluation of the prices of regulated items; deregulate prices and interest rates.

h) Coordinated planning.

i) Bolster the mortgage system and the savings and loan system. Financing for small and medium business: bank. Fund to promote technological innovation.

#### Economic Policy: Results

#### Short-Term Problems

a) The administration's most notable success has unquestionably been the reduction in the inflation rate from the 1980, not the 1978 levels. The amount of money in the public's hands and in the financial system was reduced (a basic requirement for a successful assault on inflation). This is unquestionably an avowed policy of the Central Bank. As was to be expected, however, there has been no economic recovery. Only on paper can an anti-inflation policy be reconciled with an attempt to reactivate a country's production machine.

b) We managed to get our payments in balance and boost our reserves. The situation could change now, however, with the drop in oil prices, inasmuch as reserves will be used to cushion its impact. As far as the accomplishments in this area are concerned, there is some discussion as to whether they can be attributed to a deliberate government policy or rather to the higher oil revenues as of 1979 in the wake of the crisis in Iran.

c) The dangerous upward trend in government spending has not been halted. In contrast, investment spending is still in poor shape, as will see in the budget cuts scheduled for this year.

d) An effort has been made to alter the dangerous structure of the national debt by making it longer-term. The country resorted to the international capital market in a more orderly fashion. Amending the government borrowing law was an important step, though Congress actually deserves the credit.

e) Just empty words. Nothing was done in this regard.

#### Structural Problems

a) Alleviating the country's dangerous dependence on oil was a simply stated goal, but nothing was done, and due to recent developments the situation could get worse.

b) In spite of the government's genuine intentions, no progress was made towards a more equitable distribution of income. Although there are no accurate yardsticks, observers feel that real wages have even dropped.

#### Objectives

a) So far there have been no appreciable gains in eliminating superfluous outlays.

b) There have been signs and results. Special financing was approved for the Caracas subway and for the expansion of the electric power system. (Innovation of the program-laws) For the time being, resorting to the domestic market is wishful thinking and an unknown quantity.

c) The percentage of government investment did not increase, nor was the economy's pace of expansion kept up.

d) Rather than a streamlining of procedures, views seem to have become more liberal. But there is still no appreciable inflow of foreign capital.

e) Tariffs were used not to set priorities but to provide guarantees for the ultimate consumer.

- f) Prices were certainly deregulated and many subsidies eliminated. Perhaps current conditions will force this policy to be abandoned.
- g) No new developments in the first case. The second promise was kept completely.
- h) Sheer rhetoric. Without doubt this administration has done the least coordinated planning of any we have had.
- i) The mortgage and savings and loan systems have been given instruments and funds. The effectiveness and timing of the overall approach can be questioned.

The promise most often repeated, the opening of a bank for small and medium business, has not yet been carried out. Nevertheless, assistance has been provided to the sector through the Industrial Bank and Foncrei. The Foundation for the Promotion of Technological Innovation was established.

#### Agricultural and Livestock Sector: Promises

Agricultural development is essential. Therefore, this sector will be accorded priority, preferential treatment. The goals are: self-sufficiency in the items regarded as basic for domestic consumption and production, exporting of some products in which we have a comparative advantage, improving rural life.

The Ministry of Agriculture and Livestock (MAC) must effectively coordinate sector policy, regionalize sector administration and insure the involvement of the producers.

Planning. Drafting of a long-term Agricultural Plan; crop zoning.

Objectives. Boost production levels to meet domestic consumption needs, to supply raw materials for the agroindustry and to utilize export opportunities. Total self-sufficiency in basic items: grains, oilseeds, fruits, sugar cane, coffee, beef, pork and poultry, eggs and milk.

Profitable prices and productivity programs.

Salvaging land reform.

Guarantee financing, establish farm insurance.

Rationalize marketing; reorganize the CMA; guarantee transportation; review and adjust prices.

Intensify agricultural research activities; Make rural life attractive by expanding public services to rural zones.

Create food industries in rural areas with the support of Corpoindustria.

### Special Programs

- a) Priority attention to irrigation and drainage systems.
- b) Livestock program: self-sufficiency in all varieties of meat, eggs and poultry.
- c) Fishing: assessment of resources; new catch techniques; fishing ports; freezing plants; transportation.
- d) Further development of the coffee industry.
- e) Get forest production moving again.

### Agricultural and Livestock Sector: Results

As far as priority development for the sector is concerned, the growers do not agree with the administration's evaluation of its own performance.

Self-sufficiency has not been achieved in the basic items mentioned, though there has been appreciable progress in many of them. The MAC is unquestionably coordinating sector activity. As far as local-level involvement is concerned, in spite of the establishment of 13 national boards of growers and industrialists, the alleged beneficiaries disagree. From their perspective, their involvement has been almost nil.

Planning. There has not been any. The ministry has announced that it will soon make public the first draft of a long-term (30-year) program that will be discussed with private groups.

Objectives. Self-sufficiency and exportable surpluses have not been achieved, as was planned, though there have unquestionably been gains. Last year's extremely heavy rains were a serious stumbling block. The fact is, though, that the goal is so ambitious that it will not be achieved over the next 2 years either. Profitable prices have been established for some items. There have been obvious gains in the area of land reform: land titles and the lands themselves have been distributed. The results here could be better than what was forecast. (It is perhaps because of this point that President Herrera is convinced of a COPEI victory in 1983).

Financing sources certainly exist, and the study on farm insurance was set in motion.

As far as the Agricultural Marketing Corporation, the sector's white elephant, is concerned, it has now begun to transfer its activities to the private sector. In particular, consumer markets are being handed over to its personnel, organized in business-like fashion, collection and storage centers for various kinds of merchandise too. It is impossible to determine whether rural life has been made more attractive. Apparently little or nothing has been done. Nevertheless,

the president's frequent visits to the interior to inaugurate all sorts of projects (clinics, schools, athletic fields, civic centers) might give rural residents a different view of the problem.

Complementary industries have definitely not been set up in rural areas.

#### Special Programs

a) According to the ministry, little has been done in the way of drainage. Regarding irrigation, in contrast, the Bocono, Masparro and Tucupido dams are being completed, which will expand the irrigated lands from 100,000 to 400,000 hectares (There were only 30,000 hectares at the start of this administration). There are plans to submit to Congress a program-bill for 50 billion bolivars over 10 years to complete irrigation projects.

b) As far as meat self-sufficiency is concerned, a level of 96 percent has been reached in beef, while problems remain in the other varieties.

Nothing noteworthy has been accomplished in fishing, coffee development, forestry and the hiring of agricultural technicians.

#### Petroleum Consensus: Promises

Operational continuity.

Quantifying resources and determining energy requirements. Strengthening OPEC.

Keep the industry outside party struggles. Merit as a factor in promotions.

Exploration efforts: traditional basins, continental shelf and Orinoco Belt.

Production: output level in keeping with the industry's actual capacity and the country's needs; alter the pattern by conserving scarce light and medium oils; more secondary recovery.

Refining and the domestic market: process less light crude and boost the refining of heavy crudes; exchanges with other producers along the same lines; coordination with automotive and transportation policy; encourage consumption of the leading derivatives.

Orinoco Belt: major research project to boost output in certain areas, without involvement of private companies.

Technology: consolidation of INTEVEP [Venezuelan Institute of Petroleum technology]; domestic production of goods for the oil industry.

International market: greater familiarity with and information about.

Human resources: Nonpartisan.

Petrochemical policy: As a government activity, it will come within the sphere of Venezuelan Petroleum, so as to achieve greater efficiency and profitability. With regard to secondary and tertiary processing plants, various partnerships with or without government involvement might be promoted.

There must be development in this field in the near term.

Complete investments in El Tablazo.

Concentrate available resources in the case of Moron.

#### Petroleum Consensus: Results

Operational continuity has unquestionably been achieved.

The quantification of resources and the determination of energy requirements have continued. Petroven has pursued its efforts without change in this field.

As to the strengthening of OPEC, the organization has seen easier times, although we must also acknowledge that there is an objective limit to what Venezuela can do: its actual degree of influence.

The government has proclaimed its intention to keep the industry outside partisan struggles. Last year for the first time the political factor made itself felt in the appointment of PDVSA directors. No one disputes that merit is the criterion for promotion in the operating companies, but this (the operating companies) seems to be the farthest petroleum officials can go.

Exploration efforts are continuing in the traditional basins, on the continental shelf and in the Orinoco Belt.

Production. The scheduled levels were achieved, and a change in refining patterns is under way at Amuay and El Palito.

Refining. The goals are being met. In particular, coordination has been achieved with the future development of the automotive industry.

Orinoco Belt. There has been a major change. No longer is it a large-scale research project with a little bit of output. It has become a significant development effort. But the current economic situation could prompt another change in approach.

Technology. The terms of contracts have been improved, according to the oil industry authorities. Since the terms are secret, we can just conjecture.

International market. Greater familiarity and more information were not evident, especially in light of recent developments.

Petrochemical policy. The industry was successfully transferred to the sphere of Petroven.

With regard to the involvement of the domestic or foreign private sector in secondary or tertiary processing, we are still in the realm of pronouncements.

#### Industrial Development: Promises

- 1) Direct, massive government investment in the processing of strategic mineral resources, on a profitable basis in financial terms.
- 2) Government investment in areas assigned to private investment will be complementary and temporary.
- 3) Financial programming in private industry for the entire period.
- 4) Site selection based on principles of optimum resource allocation, regional development and promotion of agroindustry.
- 5) The guidelines will be to replace imports of intermediate goods and to begin full-fledged production of capital goods.
- 6) Guarantee the social profitability of government investment in basic industry, through efficient administration.
- 7) Metallurgy industry: support will be given to the Guayana metallurgical complexes. Spur on coal and iron and steel development in Zulia.

Metalworking: A metalworking industrial fund to make use of SIDOR [Orinoco Iron and Steelworks] and aluminum products. Metalworking complex on the east coast of the lake to produce goods for the oil industry. Stimuli for intermediate industries.

Shipbuilding industry. Expansion of the shipyards in Los Teques, Falcon.

Automotive industry. Rationalize production of models and brands; promote the large-scale use of domestic parts; see to it that cars are affordable; production consistent with energy policy; implement Decision 120 of the Andean Group.

Agroindustry. Promote the development of industry in rural areas. New technology. Studies on setting up electronics, aeronautical, nuclear and solar industries.

Financing. Channel credit in accordance with the proposed objectives; set up the small and medium industry bank.

Technology. Develop national technology and make sure that imported technology is tailored to the country's needs.

Define priorities in imports and stimulate exports.

Small and medium industry. Vital for the country's harmonious development, because it helps to truly democratize capital. Corpoindustria's role in this process. Establishment of a bank. Refinancing of Corpoindustria loans for those in a tight spot. Industrial conglomerates will be established. Timely technical assistance will be guaranteed. Handicrafts will be rescued. There will also be support for small commercial and service companies.

#### Industrial Development: Results

1. There was really no investment in new projects in the field of strategic mineral resources processing. Urgent support had to be given to existing industries. Above and beyond the goal of profitability, the support is dictated by the very survival of the complexes.
2. There were no temporary or complementary investments in areas handled by private enterprise.
3. Nothing was done in terms of financial programming for the private sector for the entire period.
4. Site selection based on principles of regional development, optimum resource allocation: wishful thinking rather than concrete results.
5. Stimulating the capital goods industry. There is a whole new legal framework (three decrees) and resource allocation. It will hinge mainly on the oil industry's expansion plans.
6. With regard to the efficient management of the state-run sector, the Investment Fund openly declared that it was aiming at this, but without apparent results.
7. There is a strong willingness to spur on the Guayana metallurgical complexes. The Zulia iron and steel and coal program was overhauled; it is now more coal- than iron and steel- oriented.

Metalworking. There is still no industrial fund for the subsector. The complex on the eastern shore of the lake is on the drawing board.

The situation of the intermediate enterprises, which were supposed to be promoted, is extremely shaky.

As far as the shipbuilding industry is concerned, it was revamped, or rather, made smaller.

Automotive industry. Although there was an attempt to rationalize brands and models, the need to put out affordable (low-cost) cars meant a delay in the overall plan. The conversion to six and four

cylinders is consistent with energy needs. The use of domestic parts has not been promoted, far from it. Engine production has not been allocated, nor will it be during this term.

In agroindustry, industries were not set up in rural areas.

Concerning new technology, there are no indications that studies have been done on the electronics, nuclear and aeronautical industries. On the contrary, one gets the feeling that the government has given up on such possibilities.

The financing was there, especially from the Industrial Bank, but it was aimed more at resolving short-term problems than at being part of a coordinated plan. The goals involving technology and the setting of import priorities, as well as promoting exports, got no farther than the announcement stage.

It was perhaps in the area of small and medium industry, where the government wanted to do the most, that it accomplished the least. The trend is towards concentration of capital rather than its "democratization."

Business: Promises

Basic Direction

Affirmative government [El Estado Promotor] has a broad range of action in domestic business. The State used to be domineering in this sphere. The marketplace has proven on many occasions that it is an effective tool for the distribution of goods and services. Wherever there are no monopolistic distortions, the government will see to it that the marketplace operates properly and is used for social ends.

The State will be guided by the following basic criteria:

--Commerce basically a private sector activity.

--Construction of appropriate warehouse, transportation, ports, airports and communication routes infrastructure.

--Consumer protection as a means of monitoring the final stage of the economic process (retail sales) and of controlling product quality. Furthermore, get the community accustomed to using substitute products as much as possible, so that the forces of the marketplace can work.

--Systematic dialogue with all of the sectors involved in the marketing process.

## Policy Action

Expand the financing program for small and medium industry by establishing a Small and Medium Enterprise Bank as a joint capital financial institution with input from Corpoindustria, small and medium businessmen and artesans.

## Consumer Protection

- a) Utilize the mass media to educate the populace about rational consumption, in keeping with the country's production capabilities.
- b) Assess the supply situation and proceed, in accordance with inventory turnover, to regulate supplies so as to avoid erratic importation.
- c) Expand low-cost markets and build new ones.
- d) Aim consumer protection activities at comprehensive enforcement of the law.

## Pricing Policy

The government has taken on the duty of protecting the interests of consumers, particularly in the case of basic commodities, but all price control activities will be flexible and subject to oversight, especially when costs are affected by inflationary pressures.

- a) Monitor the prices of regulated products systematically and continuously in order to make timely decisions.
- b) Set up systems for consultation and procedures that will insure the expeditious processing of requests in this area, as well as timely, precise responses.

## Business: Results

The government is serious about the private sector's dominant role in commerce. This is the sector's assessment 3 years into the current term.

As far as infrastructure construction is concerned, there have been appreciable gains, but the official goals are still far off. Storage capacity has increased; ports are more operational. With regard to consumer protection, after the conflict with the former superintendent, things are proceeding more normally now. The consumer protection sector would like its job viewed as something more than just punitive action; it basically wants to inculcate sound consumption habits in consumers, an area in which very little has been done.

In connection with a dialogue with private business, frequent and fruitful contacts have been acknowledged in this field.

Policy Action. Financing for the small and medium sectors. The same old story: almost nothing has been done.

Consumer protection. Imports have been organized and systematized. Many low-cost markets have been established, and fortunately, in the view of Consecomercio, they are being turned over to private hands now. There is concern over and opposition to the law regulating economic freedoms.

Pricing policy. The government has unquestionably scored a success and kept a promise. Prices have been deregulated. The trend seems to have halted though. In fact, there is once again a strong trend towards price regulation, until the upcoming elections are past.

The process of monitoring regulated prices is extremely slow.

#### Foreign Trade: Promises

##### Exports

Do what is necessary so that by the end of the century Venezuela's domestic production is sufficiently large and diversified to meet domestic needs and to generate nontraditional exports that can bring in foreign exchange.

The following are basic guidelines:

- a) Broaden support for multilateral institutional action.
- b) Pursue a monetary policy aimed at maintaining the purchasing power of our currency.
- c) Pursue a policy of incentives for the private sector.
- d) Cut down on the extent and complexity of red tape.
- e) Bolster trade with all nations.
- f) Negotiate revocation of discriminatory clauses that hamper the marketing of Venezuelan manufactures in developed countries.
- g) Ongoing dialogue with all of the sectors involved; participation of bilateral chambers of commerce and strengthening of the Venezuelan Export Association (AVEX).

##### Imports

Close monitoring of the government procurement policy, as one of the moves to influence the factors causing an excessive rise in imports and adversely affecting our balance of payments and domestic production.

Special attention will be devoted to goods whose domestic production could be expanded or promoted, and wideranging use will be made of tariffs to set a direction for commerce and reduce administrative obstacles.

A basic infrastructure and a support services infrastructure are needed to streamline international trade. Comprehensive solutions will be found for ports and airports problems. Special attention will be devoted to the enhancement of services, such as telecommunications, that are obviously deficient. Shipping by domestic vessels and aircraft will be encouraged, as will their efficient use.

Within the framework of integration programs, new payment arrangements will be promoted to encourage the development and maintenance of new trade flows.

#### Foreign Trade: Results

There is a great deal of promotional literature, but there are very few objective signs that there is a deliberate policy to expand and promote nontraditional exports. The good intentions of the private sector notwithstanding, there is no conscious policy to make the growth of this sector a national goal. Financing is even tight.

It is considered highly unlikely that AVEX will reach its goal of 20 billion in exports by 1983.

#### Imports

Imports of capital goods for major projects have fallen off, inasmuch as all of the equipment is in place. There have been efforts to monitor the level and quality of imports.

Tariffs have been used as deterrents to unjustified boosts in domestic prices.

The country's import mix presents a danger because of the preponderance of food products and, to the detriment of our balance of payments, luxury items.

There has been significant improvement in support services, especially ports, airports and telecommunications. Paradoxically, the fear is that these facilities will push imports higher.

#### Tourism: Promises

Tourism is viewed as an engine for development, because of its economic potential and social function. The following guidelines will be followed:

a) Incentives and support for private initiatives to further tourism and for the construction of facilities to develop tourism.

b) Promote popular tourism.

c) Furnish credit assistance for the development of tourist projects and services.

d) Promote the involvement of the private sector and of the interested regional government agencies.

#### Financing

a) Implement a lending policy geared towards small and medium hotel owners and transportation company owners.

b) Set up a financing program for small and medium handicrafts businesses.

c) Set up a special lending program to give tourist industry businessmen and promoters a source of credit commensurate with their needs. Expansions and enhancements of existing facilities and services will have priority.

#### Tourism: Results

There has been no major progress in promoting popular tourism, an explicit goal of the government's program. As far as tourism in general is concerned, it is obvious that as a development policy it has been deliberately set aside. Private initiatives have come up against serious difficulties; almost no loans have been granted, and many projects have ground to a halt or are half-finished.

The outlook for the next few years is not at all promising. Investments are being made in hotels for Caracas and some cities in the interior.

#### A Roof Over Everyone's Head: Promises

This was perhaps Luis Herrera's biggest campaign promise.

His avowed intention was to provide housing for 600,000 families over the 5-year period and by 1984 to put the country in a position to build 150,000 housing units a year.

#### Basic Program

a) Draft and implement land management plans.

b) Urban and rural land management laws.

c) Land use plans for the cities that do not have them.

d) Programs to make life more attractive in small population centers.

e) Acquire plots of land in advance for urban development.

## Housing

The government will gear its efforts towards helping low-income families.

Multifamily buildings will be high-density and low-rise.

Simplification and streamlining of the permit-granting process.

Long-range policy for the cement industry.

Stable lending policies.

Extended financing up to 30 years and for 95 percent of total cost, so that down payments are reduced to 5 percent.

## Housing Solutions

The key to the program lies in housing solutions. Depending on the income of the purchasers, there are various solutions. It could be a parcel of land with a low-cost two- or three-bedroom housing unit, or simply public utilities hookups (?) [unidad de servicios], kitchen and bath, with the purchaser gradually building the final version of his home.

In any cases, grassroots involvement (of the purchasing family at least) is expected in the construction of the final unit. When family income exceeds 6,000 bolivars, the private sector was expected at the time (1978) to provide the solution.

## Bolstering Mortgage Institutions

The goal is the ongoing constructive development of mortgage institutions and backing for the national savings and loan system.

Foreign capital investment for home financing will be promoted.

## A Roof Over Everyone's Head: Results

Many observers feel that this is the government program that has fallen the farthest short.

One of the stumbling blocks to a precise gauging of results is the ambiguous concept of "housing solution," because this could include a parcel of land with water, sewers and electricity while the housing unit itself is built afterwards by the owner.

There are acknowledged to be a variety of programs and financial assistance. The point is whether they are being implemented as intensively and urgently as they should be.

## Basic Program

An agreement was signed in 1981 to draw up the master plan for the San Cristobal metropolitan area and another for Maracay, Cagua and San Mateo. Work continued on the master plans for Barquisimeto, Maracaibo, Barcelona, Puerto La Cruz, Cabimas, Ciudad Ojeda and 18 other towns. The plans for 19 other localities were completed. The "new cities" program is being revised.

## Housing

In 1981 the public sector built 52,225 housing "solutions." If we add in private sector building, we get an estimated 110,000.

Estimates are that 260,000 housing "solutions" have been built over 3 years. Another 125,000 units are scheduled to go up in 1982.

So, it seems very unlikely that the goal of 600,000 units over the 5-year period can be reached.

INAVI [National Housing Institute] built 25,986 housing "solutions" in 1981. Some 6,202 low-interest loans were granted. The Venezuelan Corporation of Guayana (CVG) continued its housing program: 3,146 units in its sphere of influence. The Simon Bolivar Center is continuing construction on 830 apartments.

The government has unquestionably tried to help the lowest-income segments. but the financing terms and the high down payment initially made things tough. There have been no appreciable gains in the fight against permit red tape, but the building design (high-density, low-rise units) has been faithfully observed. Prospects are better now that financing can be extended to 30 years, in some cases, and down payments can be reduced to 5 percent of total cost.

Several measures were taken in the area of financing. In addition to steps to bolster mortgage banks and the national savings and loan system, a subsidy system was set up; previously Decree 214 and the joint contracts with private groups. We should also stress the efforts to even out debts with builders and suppliers.

In spite of repeated announcements, nothing was accomplished in the area of foreign investment for housing construction.

## Efficient Public Services: Promises

Another plank in Luis Herrera's campaign platform was to guarantee efficient, high-quality and extensive public services.

Urban water supply and sewerage. The INOS [National Institute of Sanitation Works] will be decentralized by setting up metropolitan enterprises, starting with cities of more than 100,000 inhabitants. These enterprises

will construct and run the water supply and sewerage networks. Improve the operation and upkeep of the various systems so as to avoid interruptions in service.

Charge appropriate rates for services to prevent an INOS deficit, and review investment programs in accordance with available funds.

Build new water distribution, catchment and disposal networks. Begin projects to bring the Tuy IV system on line. Provide drinking water for deprived neighborhoods.

Construct sewage treatment systems, beginning in Maracay and Valencia, and then for Maracaibo and the eastern shore of the lake.

Expand water supply and sewerage systems for rural residents.

Revamp the INOS and give it an administrative structure that will enable it to do an efficient job.

#### Electricity

An agency will be in charge of nationwide electric power planning. Holding companies will be set up. An economic and administrative management law will be sponsored for the electric power sector.

The administration will push for improvements in street lighting.

Electricity will be extended to all rural communities.

#### Electric Power Generation

Operations will continue at Guri, Planta Centro and Tocoa. Thermoelectric plants will be installed in Maracaibo and El Tablazo (using coal, oil and gas as fuels).

Speed up studies and work on Caura, Uribante, Caparo, lower Caroni and Orinoco.

With regard to other forms of energy, decide on nuclear powerplants and push for pilot solar, wind and geothermal plants.

#### Street Cleaning and Garbage Collection

The creation of joint or private enterprises under the control of the appropriate authority will be sponsored to guarantee efficient service.

#### Transportation

The national transportation planning system will be established; it will encompass infrastructure and equipment, regulations and controls, and legal and institutional facets.

Metropolitan authorities will be established under the appropriate ministry. A policy will be developed for cargo and passenger transport vehicles, as well as a policy for urban and interurban passenger fares and freight charges.

Incentives will be given for the construction of infrastructure (terminals, parking lots).

Taximeters will be installed in taxis, and such vehicles will be identified.

Construction will be speeded up on the Caracas subway, under sound financial arrangements.

The network of main highways and expressways will be expanded.

Studies will be done on mass transit systems to connect Caracas with the coast via rail, for the cities of Maracaibo, Valencia and Barquisimeto, and for Ciudad Guayana and its industrial zones.

Construction will begin on the section of the central-west expressway between Casa de Teja and the Barquisimeto-Puente Torre expressway, crossing the Cuji-Tamaca Valley; on a expressway south of Barquisimeto; on the Encrucijada-Dos Caminos expressway; on a highway between Charallave and El Sombrero; on a highway between Ciudad Bolivar and Ciudad Guayana, and on the new bridge spanning the Orinoco River.

Consideration will be given to improving farm roads and to the execution of the national railway plan (the Ciudad Guayana-Valles del Tuy-Valencia line and feeder lines).

With regard to air transport, domestic routes will be expanded; independent firms will be encouraged to serve regional routes; and programs for gradual improvements at airports will be started. International airports will be built on the eastern shore of the lake and in Ciudad Guayana.

As far as water transportation is concerned, a maritime port will be constructed on the central shore; the El Guamache de Margarita port will be expanded; and river ports will be constructed and improved on the Orinoco. Storage at ports will be made easier, and the equipment and facilities at port terminals will be improved. Incentives will be given for the establishment of new ocean transport companies, and the Los Teques shipyards will begin operations.

#### Communication Services

There will be a move towards regionalization in telephone and telex services. Regional affiliates of CANTV [National Telephone Company of Venezuela] will be established (a specific promise to Zulia). Some 700,000 new lines will be installed during the 5-year period, and telephone exchanges will be expanded (or installed) in towns with more than 50,000 inhabitants.

There will be central telephone service for all rural communities with more than 500 residents. Domestic and international direct dialing will be improved, and the telex system will be expanded.

The administration will promote the development of the electronics industry in the country.

#### Mail and Telegraph

Ipostel programs will be promoted; mail delivery will be improved; and an urban express mail service will be established.

#### Radio and television

Radio and television regulations will be issued. The output of radio stations along the border will be boosted. Color TV will be introduced. An advisory body will be set up for government radio and TV programs.

#### Gas Service

The existing metropolitan networks will be steadily expanded.

#### Efficient Public Services: Results

This is another area in which the public's perception of accomplishments is not at all favorable to the government.

Urban water supply and sewerage. At present, 87 percent of the population is supplied with water. Some eight million people are served by sewage systems.

Studies are still in progress on the creation of joint enterprises to run the sewage, water distribution systems, etc. There has been a significant lag in this area, however.

Rates were updated in 1981 to keep the enterprise on its feet. Serious protests ensued, which forced a temporary compromise formula. Self-financing for INOS means having 1.4 billion bolivars on hand. This past year INOS invested 1.25 billion in projects alone. Most of it went to regional water supply systems. The Taguacita-Lagartijo distribution line was installed, as well as the underwater line to Margarita and the Toma line to the Barcelona water treatment plant. A comparison with the projects planned for the 5-year period shows significant gaps.

Electricity. In addition to the program-law for the sector, which assures problem-free financing for Guri, Taca and Uribante-Caparo, rates were brought up to date, which has enabled the company to operate on a realistic economic basis.

The combined power output of CADAPE [Electrical Administration and Development Corporation] and Ceroni Electrification rose to 23.056 billion kilowatts, an increase of 3 percent.

## Street Cleaning and Garbage Collection.

An extremely important experiment has begun in Caracas: the privatization of the services that Imau used to provide (poorly). The payroll and budget have been cut, though Imau still monitors the services to make sure they are rendered efficiently. The street cleaning service is an especially important test for private enterprise because it will show whether the private sector can continue to absorb government enterprises and services.

## Transportation

Investments in highways and expressways totaled 1.32 billion bolivars in 1981; 271 million was invested in urban roads, and 162 million in rural roadways. The president's speech to Congress contained a long list of such projects. Comparison with the original government program is impossible because the projects do not correspond. The toll expressways law is before Congress (and has been passed by the Senate). Transportation Investors is continuing with its plan to salvage units. A compromise agreement is being sought among all the sectors of urban transit. The subway has received a major push. A program-law was enacted that will guarantee investments of around 8.154 billion bolivars. The line from Catia to Chacalto will begin commercial operations by the first quarter of next year. The Caricuao-downtown line is expected to start up by 1985. As far as railways are concerned, the Puerto Cabello-Barquisimeto line is still being overhauled, and the Moron-Tucacas stretch (45 kilometers) is moving forward.

The government has indicated that for the time being it is abandoning the idea of building a railway line linking the southeast with the west, from Ciudad Guayana to Valencia and branch lines.

Construction has begun on the Caracas-coast railway, which will cost 4 billion bolivars. The world is waiting to see what technical solution will be found for the steep gradient. We still do not know which system will be used.

The report on the construction of a bridge over the Orinoco is ready (nothing has been said about the Margarita bridge).

The installation of taximeters is still remembered as one of the administration's accomplishments. Taxis are beginning to be identified with a number and special license plates.

With regard to water transportation, efforts are being made to improve the ports infrastructure. There are no major new projects under way. In connection with air transport, Viasa and Aeropostal are in the midst of an economic recovery. Regional companies are emerging.

## Communication Services

Telephone, telex, mail and telegraph rates were adjusted to make the corresponding companies profitable.

CANTV installed 216,400 urban and rural telephone lines in 1981, twice as many as in 1980. If this pace is kept up, the goal set for the 5-year period could be attained. Last year 80,582 new subscribers were added, and there are now 870,250. Domestic direct dialing was extended to 22 more towns (It now covers 250 around the country).

Negotiations were concluded for the installation of 380,000 lines in 1982-83 in exchange for technology that will improve local telecommunications. Some 6,450 new telex lines were installed.

No progress was made in the establishment of regional enterprises, nor were there gains in the creation of a national electronics industry.

## Mail and Telegraph

Rates were boosted substantially. The urban express mail system was started up, but the service as a whole has not improved.

## Radio and Television

Color television was introduced. There has been no news about the professional body that will issue opinions on government radio and television programming. The process of bringing in new equipment and making technical improvements is moving forward slowly amid difficulties.

## Gas Service

The existing metropolitan networks were certainly expanded. Last year, 79 kilometers of gas pipelines were constructed. The goal this year is 130 kilometers, which will mean outlays of around 300 million bolivars.

## Survey of Journalists

It most likely has no real scientific value, but the poll in which newsmen gave marks to the government suggests where sympathies and biases lie, how well ministerial news policies have fared and what kind of expectations exist among those who are in constant contact with the press.

Journalists tend to be implacable towards all governments, and thus the findings of this poll should be no surprise. In any event, it clearly shows what has made the biggest impression (positive and negative) on journalists over the past 3 years. It also reveals what they think about each cabinet minister, which in turn shows how effective the ministers' individual news strategies have been.

The survey among political and economic newsmen working for Caracas's leading papers and electronic media was supervised by Frank Ortega, the head of NUMERO's opinion poll department, in conjunction with Professor Pasquale Nicodemo, an expert in opinion surveys.

Only 10 percent of the respondents feel that the government has done a good job over the past 3 years; 51 percent feel it has done a poor or very poor job.

Views varied quite widely as to the three most positive steps that the current administration has taken. The ones most often mentioned were: introduction of taximeters, 22 percent; economic measures, 18 percent, and oil policy and the Union Plan, 16 percent.

In contrast, there was broader agreement on the three most negative aspects: foreign policy towards Central America, 46 percent; decontrol of prices, 40 percent, and economic policy in general, 24 percent.

With regard to the problems that the government has not tackled over these 3 years, almost half felt that the main one is housing; 32 percent, personal safety, and third, the efficiency of public services.

In spite of recent developments, 70 percent of the respondents approve of the current administration's oil policy.

In contrast, 77 percent are against the government's communications policy.

The marks that the newsmen give to individual ministers are interesting. Humberto Calderon Berti got the highest mark, 14.8, followed by Rafael Montes de Oca with 13.1.

Receiving in-between marks were the minister of the Secretariat of the Presidency, Gonzalo Garcia Bustillos, and the minister of defense, Gen Bernardo Leal Puchi.

The lowest marks went to Education Minister Rafael Fernandez Heres, with 4.6.

When asked about the three most important steps that the government could take to benefit the country, the respondents cited above all: improve public services, fight crime, and get the economy moving again.

#### The Government's Performance

1. In general, what is your opinion of the present administration's performance during its first 3 years in office? Very good, good, so-so, poor, very poor?

<u>Opinion</u>	<u>Total (percent)</u>
Very good	--
Good	10
So-so	37
Poor	37
Very poor	14
No answer	2

#### Positive Impact

2. In your opinion, what three steps has the current administration taken that have had a positive impact on the country?

<u>Action</u>	<u>Total (percent)</u>
Taximeter	22
Economic measures	18
Oil policy	16
Union Plan	16
Border policy	16

Note: Responses under 15 percent have not been included.

#### Negative Impact

3. In your judgment, what three aspects of the current administration's performance have had a negative impact on the country?

<u>Aspects</u>	<u>Total (percent)</u>
Foreign policy towards Central America	46
Price decontrol	40
Economic policy in general	24
Public services	18

Note: Responses under 15 percent have not been included.

#### What Has Not Gotten Done

4. The present administration has so far taken various steps to tackle the country's problems. In your view, however, what three problems has the administration failed to tackle?

<u>Problems</u>	<u>Total (percent)</u>
Housing	46
Lack of personal safety	32
Public services	28
Education	22
Cost of living	18
Administrative corruption	18

Note: Responses under 15 percent have not been included.

#### Main Areas

5. The following is a list of the main areas for which we want to assess the present administration's performance over its first 3 years in office.

Indicate in each instance whether you approve totally, approve of certain aspects, neither approve nor disapprove, disapprove of some aspects or disapprove totally.

##### --Action against crime

<u>Opinion</u>	<u>Total (percent)</u>
Approve totally	18
Approve of certain aspects	37
Neither approve nor disapprove	4
Disapprove of certain aspects	27
Disapprove totally	14
Total	100

##### --Foreign policy towards Central America

<u>Opinion</u>	<u>Total</u>
Approve totally	10
Approve of certain aspects	17
Neither approve nor disapprove	10
Disapprove of certain aspects	10
Disapprove totally	53
Total	100

##### --Measures in education

<u>Opinion</u>	<u>Total</u>
Approve totally	--
Approve of certain aspects	20
Neither approve nor disapprove	14
Disapprove of certain aspects	35
Disapprove totally	31
Total	100

##### --Foreign policy towards bordering nations

<u>Opinion</u>	<u>Total</u>
Approve totally	14
Approve of certain aspects	29
Neither approve nor disapprove	4
Disapprove of certain aspects	31
Disapprove totally	22
Total	100

--Actions in the agricultural sector

<u>Opinion</u>	<u>Total</u>
Approve totally	4
Approve of certain aspects	22
Neither approve nor disapprove	22
Disapprove of certain aspects	24
Disapprove totally	29
Total	100

--Measures in the construction sector

<u>Opinion</u>	<u>Total</u>
Approve totally	8
Approve of certain aspects	29
Neither approve nor disapprove	10
Disapprove of certain aspects	29
Disapprove totally	24
Total	100

--Measures to improve public services

<u>Opinion</u>	<u>Total</u>
Approve totally	6
Approve of certain aspects	12
Neither approve nor disapprove	8
Disapprove of certain aspects	8
Disapprove totally	65
Total	100

--Industrial development measures

<u>Opinion</u>	<u>Total</u>
Approve totally	8
Approve of certain aspects	27
Neither approve nor disapprove	25
Disapprove of certain aspects	26
Disapprove totally	14
Total	100

--The Food Bond

<u>Opinion</u>	<u>Total</u>
Approve totally	27
Approve of certain aspects	26
Neither approve nor disapprove	4
Disapprove of certain aspects	10
Disapprove totally	33

--Banking sector measures

<u>Opinion</u>	<u>Total</u>
Approve totally	10
Approve of certain aspects	47
Neither approve nor disapprove	21
Disapprove of certain aspects	18
Disapprove totally	4
Total	100

--Transportation sector measures

<u>Opinion</u>	<u>Total</u>
Approve totally	4
Approve of certain aspects	26
Neither approve nor disapprove	9
Disapprove of certain aspects	18
Disapprove totally	43
Total	100

--Support for small and medium industry

<u>Opinion</u>	<u>Total</u>
Approve totally	18
Approve of certain aspects	22
Neither approve nor disapprove	22
Disapprove of certain aspects	16
Disapprove totally	22
Total	100

--Actions against profiteering

<u>Opinion</u>	<u>Total</u>
Approve totally	16
Approve of certain aspects	18
Neither approve nor disapprove	6
Disapprove of certain aspects	20
Disapprove totally	40
Total	100

--Measures to improve health care services

<u>Opinion</u>	<u>Total</u>
Approve totally	14
Approve of certain aspects	17
Neither approve nor disapprove	16
Disapprove of certain aspects	8
Disapprove totally	45
Total	100

--The administration's communications policy

<u>Opinion</u>	<u>Total</u>
Approve totally	--
Approve of certain aspects	18
Neither approve nor disapprove	5
Disapprove of certain aspects	20
Disapprove totally	57
Total	100

--Oil policy

<u>Opinion</u>	<u>Total</u>
Approve totally	29
Approve of certain aspects	41
Neither approve nor disapprove	6
Disapprove of certain aspects	16
Disapprove totally	8
Total	100

--Housing construction program

<u>Opinion</u>	<u>Total</u>
Approve totally	16
Approve of certain aspects	16
Neither approve nor disapprove	22
Disapprove of certain aspects	23
Disapprove totally	23
Total	100

--Measures against the high cost of living

<u>Opinion</u>	<u>Total</u>
Approve totally	8
Approve of certain aspects	16
Neither approve nor disapprove	8
Disapprove of certain aspects	18
Disapprove totally	50
Total	100

--Actions in the field of sports

<u>Opinion</u>	<u>Total</u>
Approve totally	16
Approve of certain aspects	33
Neither approve nor disapprove	24
Disapprove of certain aspects	10
Disapprove totally	17
Total	100

## What Remains to Be Done

6. Now then, as you know, the current administration has 2 years left in office. In your judgment, in what three areas should the government act to most help the country?

<u>Actions</u>	<u>Total</u>
Improve public services	40
Fight crime	38
Get the economy moving again	28
Housing	18

Note: Responses under 15 percent have not been included.

7. Lastly, we would like to know your personal opinion of each major figure in the administration. Based on a scale of 1 to 20, with 20 being the highest and 0 the lowest, how would you rate their performance in their jobs?

<u>Person and Post</u>	<u>Average (x)</u>	<u>Standard Deviation (s)</u>
R.A. Montes de Oca, minister of the interior	13.4	5.0
Gonzalo Garcia Bustillos, minister of the secretariat	10.0	5.2
J.A. Zambrano Velazco, minister of foreign relations	7.0	5.5
Bernardo Leal Puchi, minister of defense	11.0	4.8
Humberto Calderon Berti, minister of energy and mines	14.8	4.0
Jose Luis Zapata E., minister of agriculture and livestock	7.8	4.4
Rafael Hernandez Heres, minister of education	4.6	4.8
Ricardo Martinez, head of the Office of Coordination and Planning [CORDIPLAN]	9.0	5.0

Vinicio Carrera A., minister of transportation and communications	8.5	4.7
Jose E. Porras Omana, minister of development	7.8	4.3
Orlando Orozco, minister of urban development	7.0	4.3
Carlos Febres Ppveda, minister of the environment	6.3	4.9
Rafael Alfonzo Ravard, president of Petroven	13.1	4.7
Alberto Arape, director of the Central Office of Personnel	8.0	4.9
Alexis Cartens, president of the INOS	6.4	5.4
Nerio Neri Mago, president of CANTV	7.5	5.5
Jaime Gomez Mora president of the Venezuelan Social Security Institute	7.2	5.4
Jorge Sosa Chacin, director of the Judicial Technical Police	10.2	5.6
Oswaldo Borges, president of the National Sports Institute	9.9	5.1
Edmundo Arias, president of the IMAU	5.2	4.8
Remberto Uzcategui, director of the Directorate of Intelligence and Prevention Services	8.6	6.1
Hugo Estrada, president of the Agricultural Marketing Corporation	7.2	5.7

Dieter Sidow, president of INAVI	7.3	5.1
J. Gonzalez Herrera, minister of health and social welfare	7.9	5.2
Jose Guillermo Andueza, minister of justice	7.9	5.6
Rangel Quintero Castaneda, minister of labor	8.6	4.9
Luciano Valero, governor of the Federal District	8.4	5.3
Charles Brewer Carias, minister of youth	8.3	5.7
Luis Alberto Machado, minister for the development of intelligence	7.5	6.7
Mercedes Pulido de Briceno, minister for the participation of women in development	13.1	4.0
Luis Ugueto, minister of finance	9.4	4.6
Herman Luis Soriano, minister, president of the Investment Fund	8.9	5.1
Luis Enrique Perez Olivares, minister of information and tourism	8.5	5.2
Ceferino Medina Castillo, minister of state for congressional relations	5.0	4.8
Luis Pastori, minister of culture	8.0	4.7
Raimundo Villegas, minister for the development of science	7.9	5.1
The National Housing Institute (INAVI) built 51,107 housing units in 1981, with investments of 2.925 billion bolivars.		

INAVI designed and built most of these units itself, but some were constructed under the rural housing and joint development programs, albeit always with the support and supervision of INAVI.

INAVI is building in places where the housing problem is most acute and where national development so dictates.

In the capital area (the Federal District and Miranda State), 7,360 units were built at a cost of 413.9 million bolivars. In the central region (Aragua, Carabobo and Cojedes), 9,000 units were completed with an investment of 559 million bolivars. In the plains region (Apure and Guarico), 1,066 units were built at a cost of 51 million bolivars. In the west central region (Falcon, Lara, Portuguesa and Yaracuy), 9,402 housing units were put up at a cost of 583.7 million bolivars.

In the states in the Andean region (Merida, Tachira and Trujillo), 6,669 housing units were constructed through investments of 362.5 million bolivars. In the northeast region (Anzoategui, Monagas and Sucre), completed units totaled 7,006, with an investment of 365.4 million bolivars. In the Guayana region (Bolívar, Amacuro and Amazonas), 2,540 units were built at a cost of 124 million. In the island region (Nueva Esparta), 1,476 units were built at a cost of 95 million, and in the state of Zulia, 4,246 units were constructed with an investment of 283.8 million bolivars.

Of the housing units constructed in 1981, 15,501 are single-family dwellings; 8,234 are multifamily, in other words, apartments, and 2,161 are low-cost parcels. In coordination with SAS [Health and Social Welfare], 14,197 rural housing units were constructed in various peasant farmer districts around the country, and 6,202 low-interest loans were granted to an equal number of low-income families to build or expand their homes in poor but stable neighborhoods.

We should also mention that in 1981 INAVI began implementing the Program for Housing Developments with Official Support, for units costing less than 120,000 bolivars. It is geared to bring the production capacity of the private sector into the construction of low-cost housing (for which demand is heaviest) by attracting investors and developers towards this major market.

By the end of the year, some 70,000 housing units were scheduled to go up under this officially supported program, and thus that many more Venezuelan families will soon have "their own roof over their head."

#### The Administration's Self-Evaluation and Defense

How can an administration defend itself? With a long string of projects, numbers and names that would lose even the best informed observer? Or perhaps with a few conclusive arguments? In contrast to the president,

Ricardo Martinez chose the second method to put forth an impassioned and well-founded defense of the administration's first 3 years. The administration would seem to have mourners, even if they are close friends.

It has been my ministry's responsibility to design and submit to the country the Sixth Plan of the Nation and to include in it a very detailed and very precise section on financial programming that shows the source and destination of funds over these 5 years. At the same time, it should list the national development strategy, the tactics, the goals, the objectives, the policies, the programs and the projects that are the foundation of and that will enable this national development strategy to be put into practice. As far as the budget is concerned, we have repeatedly stressed that we must look at both sides of the budget, revenues and expenditures. It is in expenditures that the country's biggest problems and difficulties lie.

Venezuela's national budget in 1973 was 15 billion bolivars. This year, the budget that Congress passed totals about 87.5 billion bolivars. We can thus readily see that there has been a veritable exponential or explosive growth in government spending over this short span. In just 9 years the budget has increased sixfold, a 60 percent annual rate, which is truly unique in our world today. But how has this money been used? What have we done to take advantage of this enormous sum of money? The country had been pursuing a steady course from 1959 to 1974. From 1974 to 1978 the government created 5 new ministries, about 150 new autonomous institutes, state-run enterprises and public foundations. The civil service payroll swelled from 300,000 to 850,000 persons, almost a million, or one-fourth of Venezuela's total labor force. In the 1973 budget subsidies took up 400 million bolivars; by 1978 the government was spending some 4.5 billion on subsidies. The national debt had gotten completely out of control, and what was even more serious in our judgment, the nation's overall productivity index suffered a steep drop.

Inefficiency. The capital-output ratio, which measures money invested and output units, was 0.45 in 1973-74 but had plunged to 0.22 or 0.23 5 years later in 1978-79. This situation has a common denominator, which I would not hesitate to identify as inefficiency. The country unfortunately regressed greatly in its use of public revenues, and one of our general characteristics is poor use of our present operating capacity, in other words, low levels of average productivity.

This lack of efficiency affects both production and services sectors. If we were to suddenly double or triple the budget of the Education or the Health and Social Welfare Ministry, health care and education would appreciably boost their levels of efficiency, one would think, but there are those who assert that we are in the area of marginal negative or decreasing yields in many of these social services sectors. What this means is that every additional bolivar invested in these services yields less than the previous bolivar as long as there is not an in-depth structural change in how these services are rendered.

We have the same problem in infrastructure. The point is not to build new irrigation systems but to make intensive use of the few hundred thousand irrigated hectares that already have their channels and installations. Our steel output capacity quintupled from 1 to 5 million tons, but the country is hard put to produce 2 million tons of steel a year. So, the problem is not investment or boosting operating capacity. On the contrary, the problem is one of knowing how to utilize efficiently the physical assets that we already have.

I think that the country is tired of X-rays and diagnoses (on which there is agreement) and wants something to be done about its problems. Thus, our proposal is a comprehensive, consistent, uniform blueprint for tackling this situation and correcting the distortions that we have inherited, distortions that intensified over the previous 5-year period but many of which had been developing for decades in the country.

During these 3 years we have strived to regain the country's former status, to put it back on the same track as under Presidents Betancourt, Leoni and Caldera, a course that was reflected in the first four national development plans but abruptly interrupted by the fifth. Our efforts have thus aimed at returning to a more feasible, a more viable development model from a technical, administrative, institutional, ethical and economic standpoint.

Strategy. When he was his party's candidate in 1978, President Herrera offered to wage an all-out struggle against corruption. He promised fiscal discipline, order, integrity in the administration of public funds, greater austerity (...), to correct consumer society habits and, to give a good example, to do away with the Venezuela of the motor home and the BND.

To keep these promises when he took office, he designed a master plan of action, taking our country in 1978 and 1979 as a reference point and acting on the public and private economy.

We straightened things out in the private sector by implementing a series of economic policy measures. We offered the marketplace a shift in supply and demand through a new pricing policy that, in retrospect, has yielded positive results because it has also served to encourage individual competition. The private sector has had to respond to the demand for a more just distribution of the burdens between producers and consumers and has had to become less dependent on government aid. It was a bold policy.

Our tariff policy aims at reducing tariffs on some 1,500 items. The current level of protection has been set at a rational average of 10 or 80 percent; it used to be around 300. We are thus trying to enable our industry to face up to outside competition and telling them that after 20 years of industrialization, it only seems fair that we should begin to apportion the burdens more equitably between industrialists and consumers.

We have pursued a consistent monetary policy aimed at stemming the excessive growth of the money supply, which can ignite the fire of inflation if not properly controlled. Lastly, we have pursued a restrictive fiscal and government spending policy, which has also been consistent with the above measures, to prevent such spending from contributing to inflationary pressures.

We have battled inflation and gotten rid of the costly cosmetic measures that concealed it. We have tackled this problem with a treatment that is completely different from the subsidies and price controls that we were used to.

Questions for the Opposition. I think that we are scoring a major success in our struggle against inflation. Most people recognize this, as reflected in opinion polls themselves. But we also wanted to balance our payments once again and to halt the excessive growth of the national debt. In one way or another we have all paid the price for this policy. Business has had to by operating under new ground rules. The workers have had to by seeing their buying power drop initially, and the government itself has had to pay a high political price too by pursuing this kind of strategy, which obviously does not sit well with public opinion. We have provided a clear-cut incentive for private initiative and moved towards the gradual elimination of controls and regulations. At this point I would like to pose the following question, which I think clearly illustrates the country's current situation:

What would have happened in Venezuela if the government had not acted carefully and sensibly and if we had continued at the same insane pace of national development and private economic activity as in the previous 5 years, if we had continued riding the crest of the artificial wave that we found ourselves on?

Our cooling down policy was a most sensible decision, and events are proving this out. I would pose this question: What kind of drop would the country have experienced at this adverse oil-price juncture if we had been determined to carry forward the projects in the nuclear power industry, the shipbuilding industry and the aircraft construction industry?

What has this administration done to boost oil revenues and to diversify the sources of funds that are not dependent on oil?

The Finance Ministry has successfully implemented an innovative self-liquidation program that completely changes the mechanics of income tax declarations, both for individuals and corporations. The country's internal non-oil revenues have increased considerably, and even though we have not boosted taxes and even though the private sector economy has not had a very high growth rate, what we ultimately took in in 1980 and 1981 far exceeded the estimate in our plan and the estimate in the Budget Act itself.

We submitted a bill to Congress to boost taxes on cigarettes and liquor and we spent a year debating it even though we explained that the proceeds would be used to finance low-cost housing.

Last year we boosted rates and fares for six public services because we had to make sure that these autonomous institutes and state-run enterprises were self-financing. We updated electricity, water, telephone and mail and telegraph rates (the latter had been the same for 32 years) as well as air transport fares and ports services charges.

Since last November Congress has had before it a bill to amend the FONDUR [National Urban Development Fund] Law. While making the National Housing Fund part of FONDUR, the bill also calls for a special contribution from employers, workers and the government itself to be used for low-cost housing; this contribution is separate from the traditional or conventional allocations in the regular budget. More than a year ago we sent the bill to construct expressways under the lease system to Congress, but debate on it is unfortunately proceeding at a snail's pace.

The only tax-related decision that the opposition made in Congress last year was to raise the floor of individual taxable income to 4,000 bolivars a month from 2,000. At the time, 10 of every 100 Venezuelans paid taxes; after the move, 7 of every 100 Venezuelans are paying some sort of tax to the federal government or to the municipalities.

When we set about drawing up the 1982 budget, carefully and in keeping with the administration's permanent attitude of responsible financial management, we voluntarily cut our estimate of oil revenues by almost 10 billion bolivars from the 1981 level. But we took even further spending cut measures. The president issued instructions for a 10 percent cut in wages, salaries, per diem allowances and everything connected with personnel remuneration. His instructions also restricted the procurement of equipment, the leasing of premises, the renting of airplanes and many other current or operating expenditures.

When the administration has submitted borrowing requests to Congress, it has done so after rigorous analysis. The program-laws that we have sent to Congress cannot be termed imperial, exorbitant or incapable of standing up to a feasibility study or an analysis of their technical, economic and political suitability for the country. Nor can the administration be accused of having expanded the payroll or having merrily created new autonomous institutes.

The latest battle was over budget allocations to universities, where there must also be austerity, discipline and efforts to get more for our money.

With regard to health care, last November we submitted to Congress the National Health Service Bill, whose goals are to better administer the considerable funding that we devote to health care and social security and to raise the levels of efficiency with which these services are rendered.

We eliminated subsidies for white corn meal, sisal, oil, rice, sugar, coffee, fertilizers and a lengthy list of other items that cost us 6 billion bolivars during the prior fiscal year.

Why is the country talking less about the national debt now?

For the same reasons that there is little talk about non-oil domestic tax revenues. This is one of the areas in which previous administrations can be most clearly faulted and in which we can underscore this administration's discipline, courage and effectiveness in halting one of the worst trends in the country's public sector. In 1973, Venezuela's debt totaled 7 billion bolivars. Five years later, it had two kinds of debt. One was the so-called funded debt, which had jumped from 7 to 50 billion bolivars; the other was the floating or short-term debt, which was around 30 billion bolivars. Together, they came to about 80 billion bolivars. As 1973 drew to a close, the government owed 7 billion bolivars. Just 5 years later, it had run up a debt of 80 billion bolivars, and if we add in the shortfalls and deficits that the government took over in 1979, we had liabilities of 110 billion bolivars.

Servicing the national debt still cost only 6 billion bolivars in 1978, whereas now it costs us almost 19 billion. Why? Because the loan grace period comprised 1976, 1977 and 1978. Thus, in just 3 years the debt servicing burden jumped from 6 to 19 billion bolivars. The Government Credit Law has so far been amended twice in just 3 years. The category "floating debt" has disappeared completely. The debts that we inherited we have refinanced into longer terms. In general, this administration has contracted new debts half as fast as between 1974 and 1978 and has also made a major effort to make its interest payments on time.

Administrative Reorganization. A real, albeit low-key reorganization was undertaken in Corpomercadeo, which was relieved of the obligation to finance subsidies. Silos, depots and warehouses were leased out, and many retail establishments were transferred to private hands.

The administration has made efforts towards economic normalization and to boost the efficiency of SIDOR [Orinoco Iron and Steelworks]. The decision to take over BANDAGRO [Agricultural and Livestock Development Bank] a year and a half ago is beginning to post positive results. The administration is also allocating substantial sums to straighten out the National Discount Bank.

In the case of enterprises beyond recovery, the government took drastic steps. Thus, it closed VENFERCA [Fertilizer Company of Venezuela] and the Naricual mines. It also shut down the Fanatracto tractor plant, inasmuch as we would have had to sell tractors at prices six to seven times higher than imported models. In addition, it closed the Aeronautical Development Corporation (Corpovanca) and the Venezuelan Corporation for the Development of the Shipbuilding Industry (COVINCA).

We feel that we have courageously confronted the IMAU situation in the Federal District by dismantling a payroll of 12,000 persons.

We all know about the turnaround in the petrochemical industry plants, which are now beginning to show a profit after years and years of red ink. Something similar happened with Ensal, which was unable to meet domestic demand in 1978 and today has a small exportable surplus.

We have tackled the problems in Viasa and Fesilven, and the CVF [Venezuelan Development Corporation] has been courageous enough to offer to sell a few of its enterprises to the private sector.

Reactivation. I think that the private sector economy has begun a full-fledged, sustained recovery, albeit not yet at the desired pace, but everything is moving in the right direction. There are signs of an upturn in construction, with the subsidies to resolve the problem of the "cold" housing units. Agriculture will perform well in 1982, based on the plantings for the first harvest. The outlook is clearly one of recovery for industry in general.

The measures that the Central Bank of Venezuela and the Executive Branch took jointly last 25 August to make interest rates more flexible (measures that were harshly criticized at the time) have proven to be an excellent tool for automatically regulating liquidity levels. At this point I would ask another question: Why has the longstanding complaint about the lack of liquidity in the country vanished from newspaper headlines? The answer is obvious. Because for the first time since the July 1977 measures the country has not been short of liquidity and circulating currency for 6 months in a row, and banking sectors that used to be down and out, such as mortgage banks, are now thriving, have funds, are attracting more deposits, loaning out more money and recovering more bad debts.

Furthermore, with regard to another of our major promises, to control inflation, I think that we can point to clear-cut results. There was a big argument last December as to whether the rate of inflation was 16 or 11 percent. The Central Bank's official figures are ultimately going to show a rate of 11 rather than 16 percent, but that's not the substance or the important part of the matter. The important thing is that we have succeeded in cutting the rate of inflation from 23 percent in 1980 to 16, 15 or 11 percent the following year, thus halting the upward trend. Moreover, we are expecting single-digit inflation this year, which will demonstrate the soundness of our blueprint.

Ricardo Martinez, minister of CORDIPLAN

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